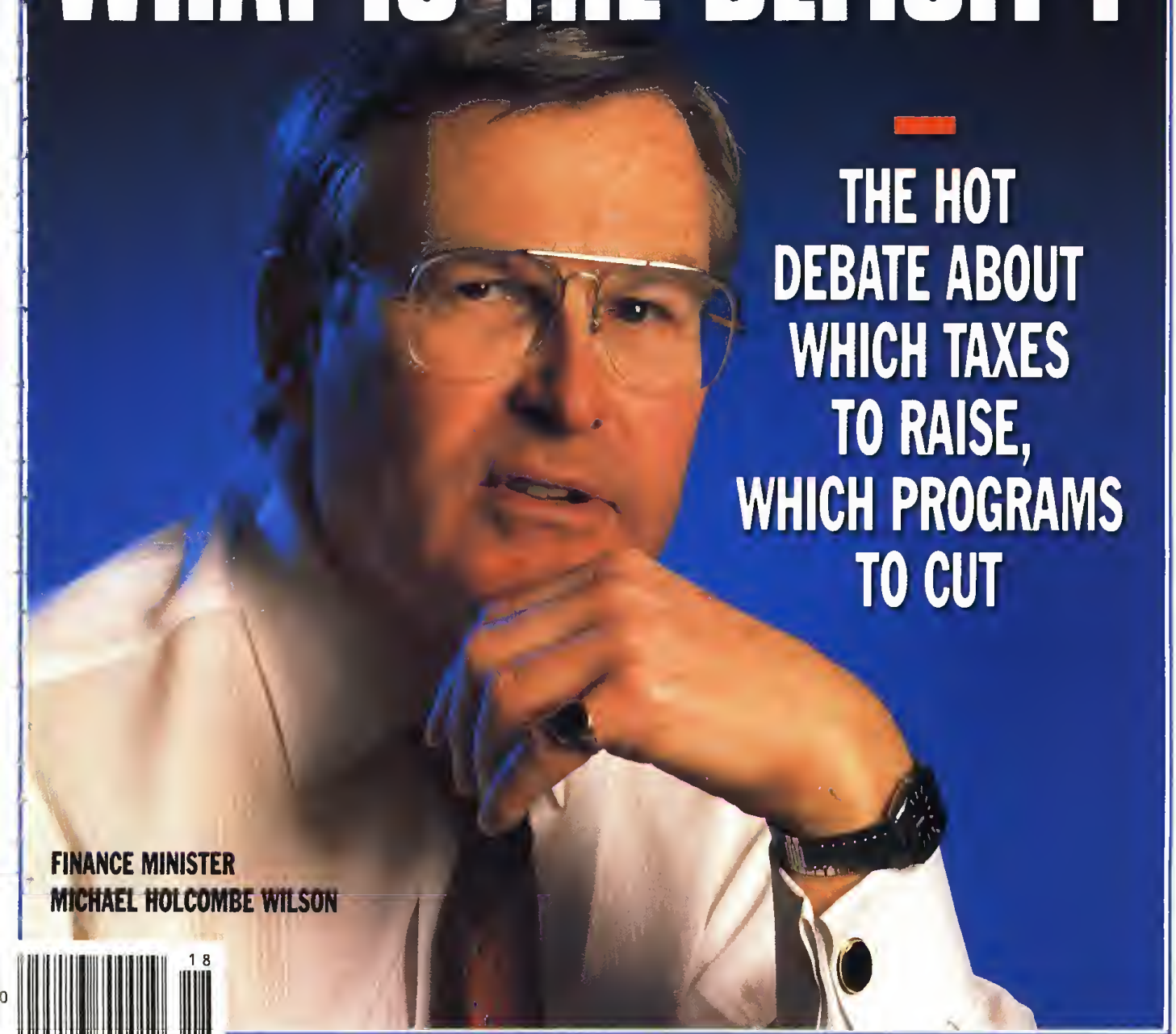
CANADA'S WEEKLY NEWSMAGAZINE MAY 1, 1989 $2

Maclean's

A NEW PREMIER FOR NEWFOUNDLAND

WHAT IS THE DEFICIT?

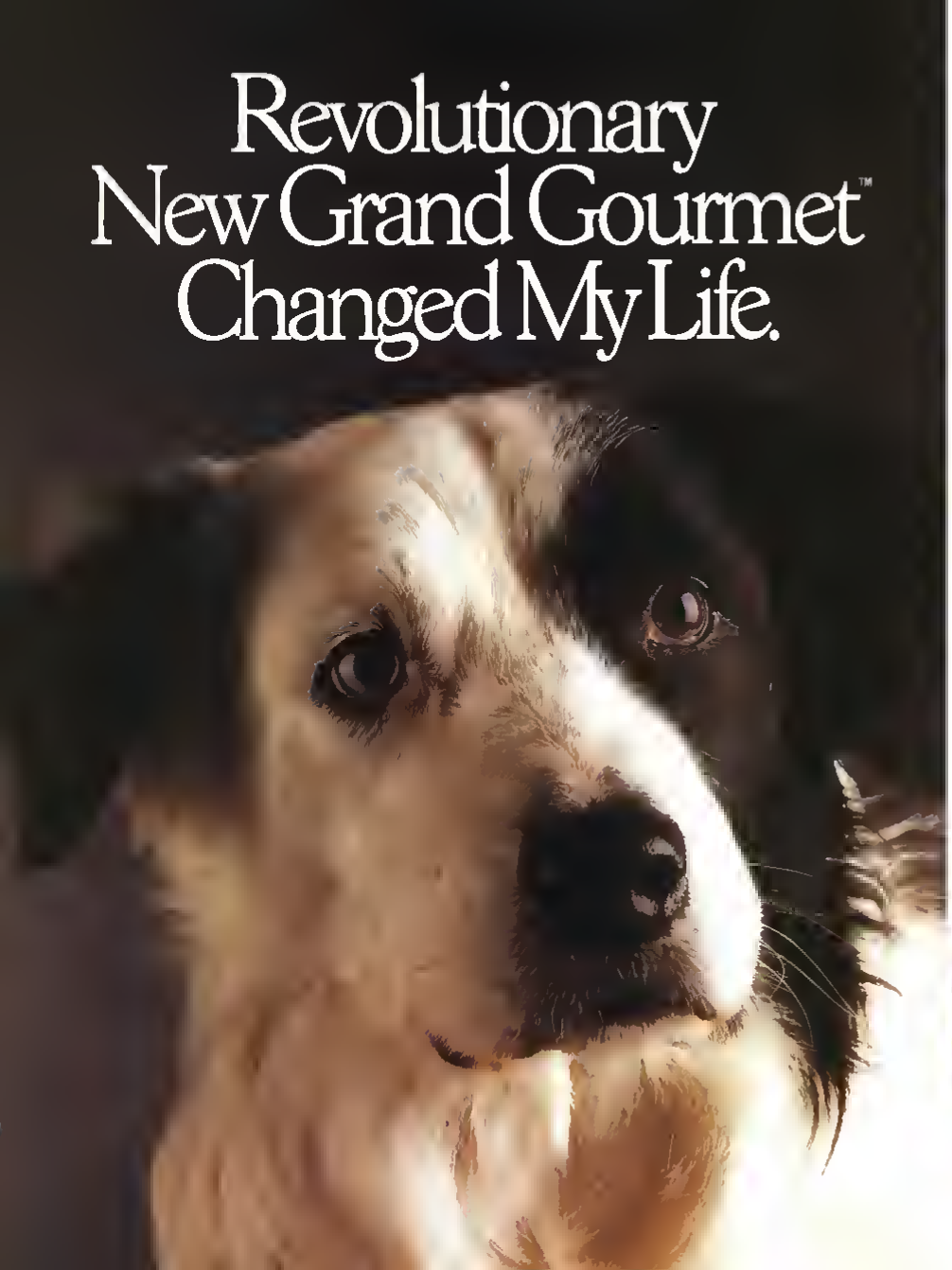
THE HOT DEBATE ABOUT WHICH TAXES TO RAISE, WHICH PROGRAMS TO CUT



FINANCE MINISTER MICHAEL HOLCOMBE WILSON

18
55113 70001

Revolutionary New Grand Gourmet™ Changed My Life.



A Casual Canine Chat With Mike The Dog On How A Grand New Dog Food Bowled Him Over.

Q You don't usually do interviews, do you, Mike?

M **Narrrf.**

Q So you made an exception today? I mean the reason you decided to do this was Grand Gourmet?

M Woof! Woof! **Woof!**

Q I've never seen a dog food look this good, have you?

M **Narrrf.** Woof, woof, woof!

Q It looks like ...well, looks remarkable: big meaty strips smothered in gravy. You want to comment on that?

M Woof! Woof, woof! Woof, woof, woof! **Wow!**

Q Mike, I hear it's 100% nutritious, as well.

M Woof! **Bark, bark!** Woof!

Q So lemme pop the big one. Does it taste as good as it looks like it tastes?

M Woof! Bow wow **wow!** Bow bow wow wow! Wow! Wow! Wow! **BARK!**



Q That good huh? And you claim this dog food actually changed your life?

M **Woof!** Woof! Wow wow! Woof, wow! Bark... **wow!**

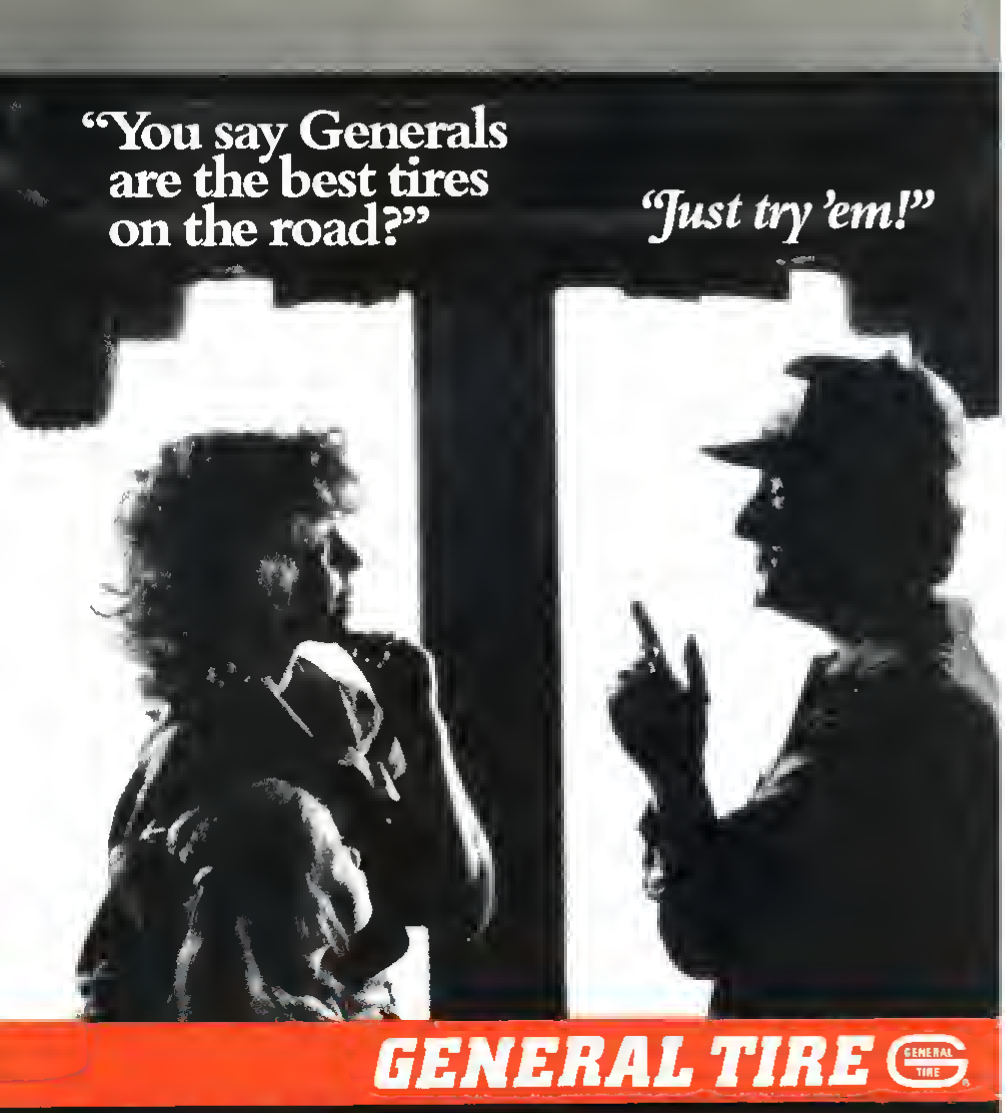
Q I see you don't use a regular bowl with Grand Gourmet. You have a special dinner bowl with your name on it.

M Woof! Bow wow wow!

Q Mike, that smells so good, lemme just get a closer look here.

M **Grrrrrrr...**





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CANADA'S WEEKLY NEWSMAGAZINE MAY 1, 1989 VOL 102 NO 18

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COVER

WHAT IS THE DEFICIT?

The federal government has been running deficits since 1970, but the debate over the wisdom of that policy has never been more heated or more complex. The Conservative government and the business sector say that the deficit is an economic time bomb and must be cut swiftly and drastically. But leading economists and opposition politicians say that it should shrink more slowly. — 40

CANADA

RETURN OF THE RED TIDE



In Newfoundland's 13th provincial election since 1949, the voters swept the Liberal party back into power, ending 17 years in the wilderness of provincial politics. But premier-elect Clyde Wells failed to win his seat and created a storm with Ottawa and Quebec over Meech Lake. — 12



WORLD

JIM WRIGHT'S LONELY FIGHT

A bipartisan ethics committee officially accused U.S. House of Representatives Speaker Jim Wright of 69 violations of congressional rules of conduct. Faced with the prospect of becoming the first Speaker to be driven from office, the Texas Democrat vowed to fight the charges and win. — 24

COVER PHOTO BY BRIAN WILLER/MACLEAN'S

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Spotlight On A Minister

Everybody has an opinion on how the government should spend its money. As a result, federal Finance Minister Michael Wilson has had all the free advice he could want, and more, as he prepared to present his fifth budget to Parliament this week. Since Christmas, he has received presentations, solicited or otherwise, in almost every form, including letters from church groups, discussions with cabinet members, phone chats with various Tories and formal meetings with representatives of lobby groups ranging from the Canadian Federation of Independent Business to the National Anti-Poverty Organization.

Most of them naturally had more ideas on how and where to *spend* money than on how to reduce spending or raise revenues. Still, as Wilson made clear in an interview last week with *Maclean's* Ottawa Correspondent Marc Clark, the minister's sights remained firmly fixed on his goal of reducing the nation's budget deficit, which now accounts for almost a third of government spending in the form of interest payments.

But as this week's cover story on the deficit debate, beginning on page 40, makes clear, there is profound disagreement among politicians, economists, labor spokesmen and others over how serious the problem is—and, indeed, whether there is a problem at all. Business Editor Tom Fennell prepared the package with, among others, Senior Writer D'Arcy Jenish, Assistant Editor John Daly, Researcher-Reporter Julie Cazzin and Designer Eric Legge in Toronto and Clark in Ottawa.



Willer (left) and Wilson finding time amid budget preparations for a photo session

Wilson found time even amid his budget preparations last week for a session in his Ottawa office with *Maclean's* veteran Chief Staff Photographer Brian Willer. The results appear on the cover and on page 48.

Kevin Doyle

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LETTERS

REMEMBERING A GOLFER

I enjoyed your great cover story on golf but was saddened by the omission of the late Pat Fletcher, Royal Montreal's popular pro from 1956 to 1976, from "A proud history" ("The hottest game," Golf/Special Report, April 10). He won the Canadian Open in 1954, was elected to the Canadian Sports Hall of Fame 1975, and also to the Saskatchewan Hall of Fame and the RCGA Hall of Fame in 1976. A great administrator, he served two terms as president of the CPGA and was the first professional to serve as president of the Quebec PGA. Best of all, he was a terrific teacher.

Dori Thomson,
Dorval, Que.

Teed, I am. Twenty-seven pages indulgently devoted to Western civilization's most leisurely and decadent sport, and no mention of political and economic happenings in Africa or Asia. Beyond the green and across the oceans the less fortunate are risking their lives in a competition involving a different sort of projectiles and irons. The course of humanity hinges on more than 18 holes.

Harvey Chan,
Willowdale, Ont.

In the April 10 issue, there are 27 pages devoted to golf and two pages to the environmental disaster at Valdez, Alaska ("Tragedy on a reef," Environment). It seems that we human ostriches have found a new hole in which to hide our heads.

John Morland,
Ingersoll, Ont.

PUTTING UP WALLS

In response to the publisher of *The Jewish Times*, Meyer Nurenberger, who felt that Joe Clark was not a friend of Israel ("Talking to the PLO," Canada, April 10), consider the Holocaust. The world refused to hear the cries of the Jews; let's not make the same mistake with the Palestinians. Without global communication with all political factions, we build walls between the truth and our utopian dreams. I salute Joe Clark for accepting reality.

Julianne Ralph
London, Ont.

THE CAT'S PYJAMAS

Art publisher Ted Simon may welcome the yuppies who think art is the cat's pyjamas, but despite the popularity of mechanical reproductions, what they are buying is definitely not art ("An artistic bottom line," Business, March 27). Mechanically photographed reproductions



CANNON/ALLSPORT PHOTOGRAPHY

Jack Nicklaus' decadent sport

have no more intrinsic value than a good-quality magazine picture, except possibly the artist's signature.

George Langbroek,
St. Catharines, Ont.

MORE 'GOOFY' GOVERNMENT

Why all the negative circumlocution toward British Columbia? To a longtime reader of *Maclean's* it seems you especially enjoy attacking Premier William Vander Zalm with scurrilous bias ("A balancing act in Lotus Land," Business Watch, April 3). If his government is bringing down one of the only two balanced budgets in Canada, carefully allocating increased expenditures to the health and education ministries and presiding over a booming economy, it would seem this brand of politician should be commended. The whole world could use "goofy" government like this.

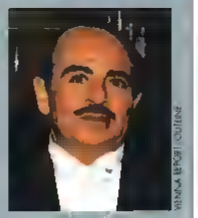
Gene Wyne,
Placentia, Calif.

PANORAMIC VIEW

There is little doubt that Allan Fotheringham's column "The dangerous New Puritans" (April 10) will evoke a deluge of scornful cries of foul from the very holier-than-thou crowd for whom the column was intended. Yet in no way does he glorify smoking or smokers (nor should he)—he merely champions their plight. Fotheringham's intrinsic message of tolerance, of freedoms in a democratic society, demands a panoramic view, impossible for those with myopic tunnel vision to encompass.

Doris Garland
Midland, Ont.

PASSAGES



WINDA BEHOLDEN/OUTLINE

ARRESTED: **Adnan Khashoggi**, 53, the Saudi Arabian arms dealer who was the middleman in the Iran-contra affair, in Bern, Switzerland, at the request of the U.S. government, which is seeking his extradition to face charges stemming from his dealings with former Philippines president **Ferdinand Marcos** and his wife, **Imelda**. Khashoggi, once known as one of the world's richest men, was arrested in his luxurious hotel suite in the Swiss capital where he was receiving cellular therapy aimed at rejuvenating flagging virility. He faces racketeering, fraud and obstruction of justice charges, which carry a maximum combined sentence of 65 years in prison.

DIED: International best-selling British author **Daphne du Maurier**, 81, whose gothic romances and chilling suspense stories were often made into spine-tingling plays and movies, while asleep in her Cornish village home. One of du Maurier's greatest fans was director **Alfred Hitchcock** who turned her 1938 novel *Rebecca* into the 1940 Oscar-winning best film starring **Laurence Olivier** and **Joan Fontaine** and later adapted her 1952 short story, *The Birds*.

APPOINTED: **Trina McQueen**, 46, to the critical post of director of TV news and current affairs for CBC TV. McQueen, director of English network TV since 1984, joined the CBC in 1967 as a local reporter in Toronto. In her new position, the Belleville, Ont., native will oversee such high-profile programs as *The National* and *The Journal*, as well as the CBC's future all-news cable channel, Newsworld. McQueen replaces **Bill Morgan**, 49, who moves to the position of news ombudsman.

MARRYING: Actor **James Woods**, 42, and **Sarah Owen**, 26, co-owner of an import business, some time in May. The star of the 1989 movie *True Believer* said that the couple had been the victims of harassment and would not release their wedding date for fear of disruptions at the ceremony.

DIED: **Jocko Conlan**, 89, flamboyant National League umpire from 1940 to 1964 who was among the few arbiters to be elected to baseball's Hall of Fame, at home in Scottsdale, Ariz.

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LETTERS

'MILITARY MYOPIA'

Regarding "Soviet subs stay home" (Opening Notes, March 20), whether from economic necessity or an attack of common sense, the Soviet Union under Mikhail Gorbachev appears determined to put an end to the senseless military posturing that has driven both it and the United States into near economic chaos. Canada could show a degree of rapprochement, as well as setting an example for other NATO countries, by first of all abandoning the military myopia of spending $8 billion on submarines that are fast becoming obsolete. Secondly, by withdrawing our token force "army" from Europe, we could save another several hundred million dollars per year. And, who knows, we may even forestall Michael Wilson's dreaded sales tax.

Gordon F. Murray
Calgary

'INSECURE CANADIANS'

When I first saw Cher on the cover of the March 6 issue, I thought, "Oh brother, you're going to get letters from insecure Canadians who feel threatened whenever foreign talent is prominently displayed." So the letter from Suzanne Gerhardt in the April 3 issue ("Loyalty to Canadians") wasn't that surprising. *Maclean's* may be noted as Canada's weekly newsmagazine, but it is international in scope and content. If some Canadians think we've cornered the market on cover stories, they're very wrong.

Paul Sutter,
London, Ont.

I can't endorse Suzanne Gerhardt's letter more. *Maclean's* means Canadian and there are many worthwhile themes and subjects we would be thrilled to know about. This country does not need the constant dependency dosage from its next-door neighbor to see and know the doings and goings-on of the crazy movie and show-biz world—a little goes a long way.

Charlotte Roberts,
Scarborough, Ont.

'FACELESS DULLARD?'

Have my 20 years of teaching English history been jeopardized? Dr. Foth's column of April 3 is entitled "Cromwell rules in the nation's capital," yet there is no reference to any such person in the body of the article. I assume the reference is to Oliver Cromwell, Lord Protector of England during the revolutionary era (1640-1660). Does the headline imply that grim, puritanical Cromwell was a faceless dullard? This was the man who on two occasions marched to Parliament with a band of troopers and removed the loquacious politicians from their seats of power. Come to think of it, we could use him in Ottawa.

Lewis W. Abbott,
Associate professor,
University of Guelph,
Guelph, Ont.

A CONFUSION OF AUTHORS

In your review of Robert MacNeil's *Wordstruck*, you refer to "Stevenson's *Robinson Crusoe*" ("Between the covers," Books, April 10). The exploits of that noble character were penned by Daniel Defoe more than 100 years before Stevenson's birth.

Alastair Urquhart,
Toronto

QUESTIONED ROOTS

"United Empire Loyalist city of Halifax" indeed! Who wrote this article ("God and profits," Business, March 27)? It is the only article in that week's magazine that is not signed. I guess if you are going to spread lies and religious bigotry, you shouldn't sign it.

Patrick Berrigan
Halifax

Letters are edited and may be condensed. Writers should supply name, address and telephone number. Mail correspondence to: Letters to the Editor, Maclean's magazine, Maclean Hunter Bldg., 777 Bay St., Toronto, Ont. M5W 1A7.

HONG • KONG • HOLIDAY



"SHE LOOKED LIKE A CHINESE VERSION OF THE FLYING NUN"

"I was amazed to discover that there is so much more to Hong Kong than just Hong Kong Island, its 'Peak' and Tsim Sha Tsui. Beyond these bustling points of interest lie the New Territories and beyond that China.

On a visit to the 17th century walled village of Kut Hing Wai, I was able to engage a Hakka woman in some broken conversation. She looked like a Chinese version of the Flying Nun in her traditional black hat! As we sat in a dai pai dong (outdoor cafe) and swapped little stories over Chinese tea, the Peak and the Island seemed as far away as Connecticut.

My visit gave me insights into the Chinese way of life by day, forays into Chinese food by night, and many wonderful surprises along the way. I highly recommend this trip to anyone genuinely interested in expanding their cultural horizons."

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CANADA'S WEEKLY NEWSMAGAZINE
Maclean's

OPENING NOTES

W. P. Kinsella strikes a familiar pose, Mick Jagger scores a Canadian deal, and Barbara Yaffe vows revenge

BREAKS OF THE GAME

Many novels do not survive the transition to film, but Canadian author W. P. Kinsella said that he wept with joy recently when he saw *Field of Dreams*, the screen version of his best-selling baseball novel, *Shoeless Joe*. Kinsella, who received $295,000 for the screen rights to that book, predicted that the rugged presence of Kevin Costner—the star of *Bull Durham*, last year's hit baseball movie—would enhance the new film's chances of success. Said Kinsella: "There will be all these women dragging their husbands to watch it." But Kinsella suffered an unlucky break last week: as he left a Blue Jays game in Toronto, the author slipped, fell and cracked his right cheekbone. Kinsella swiftly produced a baseball analogy, noting that he now resembled Tony Fernandez—the Jay shortstop who recently had *his* right cheekbone shattered by a pitch. And Kinsella's injury resembles an accident in *Shoeless Joe* when Ray Kinsella, the book's main character, collides with a pillar as he leaves Boston's Fenway Park. Life can imitate art—or even baseball.



Kinsella: tears of joy and a fractured cheekbone

Raw material for a tough book

Barbara Yaffe accepted a $67,500 settlement from the Toronto *Globe and Mail* last week, but she said that she plans to seek revenge from *Globe* publisher Roy Megarry. The 36-year-old reporter dropped a $1.2-million lawsuit that she launched after Megarry overrode then-managing editor Geoffrey Stevens' written commitment to hire her last year—because her lawyer advised her that a larger court award was unlikely. Still, Yaffe, who is considering writing a book about her battle with the *Globe*, has a rich source of raw material: a 900-page transcript of pretrial testimony. That transcript outlines disagreements between Megarry and senior *Globe* executives over the so-called Yaffe affair—strife that preceded the dismissals of editor-in-chief Norman Webster and Stevens earlier this year. The *Globe* is unlikely to excerpt such a book.



GREG HUDE/PICTURE WORKS

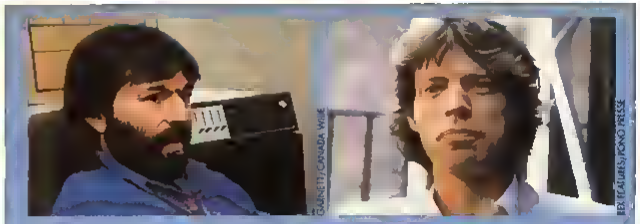
Yaffe: a vow of revenge despite a settlement

SUCCESS WITH MIXED REVIEWS

Senator Norm Atkins has chaired the Conservative campaign committee during the past two federal elections—but party sources say that he does not want to run the next campaign. Despite last fall's victory, many Tories criticized Atkins for persuading Prime Minister Brian Mulroney to adopt a low-profile strategy at the start of that campaign. Declared one Tory official: "We only won after Mulroney took the gloves off." Atkins declined to comment on talks that he has had with Mulroney about his future role with the party.

Flying under a Canadian cover

Timothy Gibson has some advice for U.S. travellers who are seeking ways of avoiding anti-Americanism abroad: adopt a Canadian cover. The New York state entrepreneur is selling a $24 passport cover that mimics the texture and appearance of the front of a Canadian passport. Indeed, Canadian officials recently scrutinized the navy blue-colored cover—to assure themselves that Gibson was not selling false travel documents. According to Gibson, 37, the pseudo-Canadian wrapping could provide protection against such surprises as a hunt by terrorists for U.S. passports. Travelling can be safer the Canadian way.



GARRETT/CANADA WIDE

BERT CRQUER/CP PRESS

Cohl (left); Jagger: a multimillion guarantee for an aging superband

ROLLING STONES GATHER MONEY

The Rolling Stones are scheduled to embark on a tour of North America this fall, but the Toronto promoter scheduled to shepherd the band across the United States and Canada steadfastly declines to confirm that he has signed a contract with the aging rockers. Still, his rivals in the competitive world of concert promotions say that Michael Cohl handily defeated a bid by legendary San Francisco promoter Bill Graham to handle the Stones' tour. According to rock music insiders, the 41-year-old president of Concert Productions International signed a contract with the Stones' Mick Jagger and Keith Richards in Barbados last March—by offering the four-member group a $70-million guarantee for the 50-city tour. Cohl is apparently convinced that tour revenues, money from related souvenir merchandise and returns from a pay TV special will allow him to meet that guarantee—and make a profit for himself. For the Stones at least, the contract recalls the title of one of their most memorable tunes—*Satisfaction*.

WRITING OFF THE CANADIAN BEAT

Two of the most widely read newspapers in the United States have been covering Canada without the aid of their staff correspondents. Editors at *The New York Times* say that they temporarily assigned Toronto-based John Burns to Moscow to report on developments in the Soviet Union and Afghanistan two months ago. During Burns's absence, the *Times* is relying on wire services and a handful of freelance contributors to provide its Canadian content. Similarly, Alvin Shuster, the foreign editor at the *Los Angeles Times* acknowledged that his newspaper has not had a permanent Canadian correspondent "since some time last year." Shuster added that budgetary restraints at the *Times* had forced him to delay filling a similar staff post in Manila. News is where you find it.



ROLAND CP

The Tories fire back

Pierre Trudeau left office in 1984, but his constant criticism of the Meech Lake constitutional accord clearly annoys federal Conservatives. Indeed, the former prime minister's repeated assertion that he had reluctantly agreed to a notwithstanding clause—a provision that allows a province to override constitutional law—prompted the Conservatives to search for ammunition to use against him. Last week, Tory officials released copies of a 1951 letter that Trudeau wrote to Emmett Cardinal Carter, at that time the Roman Catholic archbishop of Toronto. Trudeau assured Carter that "Parliament will continue to legislate" by overriding any Supreme Court of Canada ruling that established the right to abortion on demand. His expressed reason for doing so: to preserve Parliament's standing as the country's top law-making body. Some battles are never over.

Trudeau: still tweaking the opposition

Advance planning

The federal Liberals are $5 million in debt, but many party members say that holding a costly party convention in Calgary next October could generate long-term benefits—by choosing a high-profile woman to replace current president Michel Robert. Several key Ontario members already have a candidate in mind: former CBC TV personality, diplomat and publisher Adrienne Clarkson. Said one Clarkson advocate: "She has all the right credentials." And plenty of time to think about it.



RAFAEL D. ZAIZA

Clarkson: credentials



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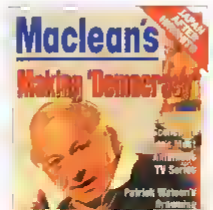
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COLUMN



One of the world's biggest railways

BY DIANE FRANCIS

Despite excess baggage, CN chugs along, one of the few winners among Ottawa's crown jewels

Canadian National Railway Co president Ron Lawless perches—when he is in Toronto—in an office near the CN Tower, the city's best-known landmark. Wearing a conductor-blue suit and a train tiepin, he is physically only a few blocks away from the station where he began his career more than four decades ago as a railway express clerk. But now, his office overlooks a tangle of tracks that have been torn up as part of Canada's largest redevelopment, which involves both CN and its railway rival Canadian Pacific Ltd. The $2-billion scheme, which includes office and residential buildings plus a new domed stadium, underscores the fact that railways are as much in the real estate business as they are in the business of moving freight. And the future of CN—one of Canada's largest Crown corporations—is very much of interest to you and me, its indirect shareholders.

Few Canadians realize that CN is very nearly the world's biggest railway, with $7 billion worth of assets—equivalent to $268 for every man, woman and child in the country. Perhaps the Soviets—with an even more massive piece of real estate to service—have a larger rail system. But it is doubtful CN is one-third larger than CP in terms of track mileage and besides owning prime real estate, it has mineral rights to more than 3,100 square miles of property across Canada, an area larger than Prince Edward Island's 2,264 square miles. CN also owns 32,000 km of main-line track—enough to circle the globe more than twice.

But railways are more than just a collection of assets. They are the single-most important type of infrastructure needed to develop a country. This is why they are so much a part of history and lore. A railway system is the skeleton around which new development forms or old development clings. Towns and villages exist only because of the railway's existence, which is why the closing of a line is a highly emotional issue fraught with political peril. But despite public opposition to closures of many of its routes and stations, CN, like railways everywhere, continues to shrink.

It is surprising then, how this monolith still ranks as one of Canada's most profitable Crown corporations, especially since it was rescued from near-bankruptcy in the midst of the Depression. Since the first cash infusion in 1938, the federal government has cancelled more than $1 billion of its debt. No longer an orphan after two more cash infusions by Ottawa—once in 1952 and another in 1978—it is now one of the world's most profitable railways. Said Lawless: "We earn between eight per cent and nine per cent return, while the average in the United States is less than five per cent."

Since the last infusion of $800 million in 1978, CN has had to pay Ottawa 20 per cent of its profits annually. Last year, CN earned a profit of $120.6 million, and this year, Lawless says, the after-tax profit figure is $282.7 million. Added Lawless: "As for dividends, we have paid our shareholders about $235 million since 1978. We are not a drag on the feds."

CN's robust earnings are surprising, considering the fact that Canada's railways were deregulated one year ago, and both CN and CP are burdened by featherbedding. But a landmark decision on March 24 by the Federal Appeal Court may change the labor situation. The court ruled that the railways could drop cabooses, which allowed them to replace the end units and use computers to monitor brake pressure and other functions. The decision will allow CN and CP to run computerized freight trains with two crew members instead of four.

Railways shoulder political burdens too, but this is also changing. Last year, Ottawa finally allowed CN to withdraw rail service from Newfoundland and agreed to build $800 million in new highways. CN lost $45 million during the final nine months of operation last year in Newfoundland and $300 million over the past decade. Another drag on earnings has been government-supported grain shipments. Ottawa pays $700 million a year to the railways in grain transport subsidies, but Lawless has been pushing to have them replaced with subsidies paid directly to farmers. He argues that this would allow the railways to cut back on the number of points where they have to pick up grain. Faced with higher rail transport charges, the farmers would have an incentive to transport grain longer distances by truck to bigger grain elevators.

Lawless says that the present web of subsidies paid directly to the railways has resulted in a huge overcapacity. About 90 per cent of CN's shipments travel on one-third of its trackage, nine per cent on another third and one per cent on the rest. In other words, the railway could shut down two-thirds of its operations and affect only 10 per cent of its business. And while governments subsidize Canada's railways, they also support their competition—truckers and airlines—by building and maintaining roads and airport facilities. The result is that, since the mid-1950s, the percentage of freight moved by rail has dropped to 30 per cent from 70 per cent of total shipments. Of course, the pie has grown considerably larger, and railways are handling 2½ times more volume than they did 30 years ago.

As for the Free Trade Agreement, Lawless said that if the deal works as planned there will be more business flowing north and south in addition to east and west. CN is poised to profit because it owns three sizable U.S. railways serving the Midwest and New England and has exchange arrangements with others. But despite its enviable position, Lawless says that privatization of CN's rail operations is not in the cards at the moment. Said Lawless: "All non-rail assets are candidates for privatization. But there are only a couple. We are in the real estate business and are moving our rail services out of downtown Toronto and Edmonton. We also have our oil and gas exploration company—it made $3 million last year. But it will sit right there until the time is right and oil prices rise."

Clearly, CN's future is a paradox. It must shrink to grow. It must shed operations in the East and grow in the West. Already 70 per cent of its revenue comes from journeys that start or end in Western Canada, yet, like CP, its head office remains in Montreal—perhaps another form of featherbedding. But despite such excess baggage, CN keeps chugging along, one of the few winners among Ottawa's crown jewels.

RETURN OF THE RED TIDE

THE LIBERAL WIN IN NEWFOUNDLAND TOPPLED A DYNASTY AND IGNITED A ROW WITH OTTAWA OVER MEECH LAKE

Seventeen years ago when he lost a provincial election to the Conservatives, Liberal Premier Joseph Smallwood—Newfoundland's Father of Confederation—observed that the tide that goes out always returns. Last Thursday—a day of snow, fog, drizzle and gale warnings for fishermen at sea—Newfoundland held its 13th provincial election since entering Confederation in 1949, and the tide swept the Conservatives out of office for the first time since the Smallwood era and returned a majority Liberal government. Premier-elect Clyde Kirby Wells, 51, immediately faced two challenges: finding a seat of his own in the House of Assembly and managing a roiling dispute with the federal and Quebec governments over the new premier's opposition to the Meech Lake constitutional accord.

While the outspoken Wells took to the national airwaves after the election proclaiming that he has no quarrel with the concept of "a distinct society" for Quebec as defined in the accord, he insisted that he opposes conferring "special status" on that province which is not granted to the others. In a direct threat to the Meech accord signed by Prime Minister Brian Mulroney and 10 premiers in June, 1987—and passed by Newfoundland's Assembly one year later—Wells declared, "I will not shirk at doing whatever is necessary to protect the long-term interests of this province—including withdrawing the approval if that becomes necessary." That stand prompted rebukes in Ottawa from federal ministers in the government of Brian Mulroney, a bitter response from Quebec Premier Robert Bourassa and a veiled threat from fellow Newfoundlander John Crosbie, federal minister of trade, who warned Wells that he should "play ball" with Ottawa. Wells responded that if that was a threat to punish Newfoundland economically, "I can tell Mr. Crosbie that he is in for a surprise."

At home the Newfoundland Liberals increased their representation in the assembly to 30 seats from 14 while the Conservatives fell to 22 from 34 and the New Democrats even lost the two ridings that they held going into the election. For the Liberals, there was one dark cloud. Wells's failure to gain a seat in his own Corner Brook riding of Humber East, where he lost by 101 votes to Lynn Verge, the Conservative deputy premier. But in his sober and subdued victory speech in the Corner Brook Masonic hall, corporation lawyer Wells said that one of the first items on his agenda would be to ask one of the 30 victorious Liberals to give up a seat so that he could try for a seat in a byelection. Then, said Wells, he could get on with the business at hand—building "a happier, healthier, more prosperous province where our people can work without having to leave. We will leave no stone unturned to give our people the kind of future they want." Indeed, the morning after his stunning victory on April 20, Wells told a Corner Brook news conference that he would select a cabinet within two weeks and probably convene the house of assembly in June.

Wells's party now becomes the fifth Liberal provincial government to be elected in the six provinces east of Manitoba since the Conservatives gained power in Ottawa in 1984. (The lone eastern Tory premier is Nova Scotia's John Buchanan.) New Brunswick's Liberal Premier Frank McKenna, who along with Manitoba's Tory Premier Gary Filmon opposes the Meech Lake accord, said that he welcomed Wells's victory because "he shares a lot of our concerns." But in Ottawa a visibly emotional Transport Minister Benoît Bouchard said that Quebecers would be "outraged if we don't go through with Meech Lake." Environment Minister Lucien Bouchard, a trusted lieutenant of Mulroney's, warned that there would be "extremely grave political consequences" if there is a retreat on Meech Lake. Quebec Premier Robert Bourassa suggested that Newfoundland may pay an economic price if it reneges on Meech Lake: it would "normally be easier" for Newfoundland to negotiate hydroelectric and other deals with Quebec in a climate of "cordial relations," the premier said pointedly.

In Newfoundland, the biggest loser was Thomas Rideout, the 40-year-old former teacher and fisherman's son who had been premier for barely a month after having been elected to succeed Brian Peckford. Although Rideout pledged in a graceful and emotional speech acknowledging his defeat that he would remain as leader of the opposition, he may be remembered as only a footnote to history. Analysts said that Rideout may have been a victim of his own inexperience and, as well, of comparisons to his adept and fiery predecessor. Indeed, Peckford told reporters that Rideout had run a poor campaign.

But much of Rideout's fate was beyond his control: a series of announcements from Ottawa did little to bolster his fortunes. Ottawa declared that French fishermen would be given access to cod off Newfoundland's east coast in exchange for settling a jurisdictional dispute between Canada and France; then came another delay in the signing of the $8.5-billion Hibernia oil deal; and finally, the federal Tories announced during the campaign that changes in the unemployment insurance program, which would affect Newfoundland's many seasonal workers adversely, were soon to be introduced. But Rideout's efforts seemed to lack direction until the final week. The premier delivered as many as eight speeches a day as he travelled the province by helicopter, light aircraft, car and boat. And a Tory poll had shown the party as much as 11 points ahead in the week before the campaign ended. But Rideout's many promises of new sports arenas and other forms of government largess—as well as his often-repeated claim that his government represented Newfoundland's future—obviously failed to win enough hearts and minds. Memorial University political scientist Peter Boswell said that Rideout was "a nice guy" lacking "the royal jelly that might capture the imagination."

Peckford, who retired in March after a controversial decade as premier, kept his silence during the campaign. But as a commentator for the province's private NTV television network on election night, he said that he would have conducted the election battle differently. Said Peckford: "You have got to establish a certain agenda. It was a gentleman's election—they tried to de-Peckfordize this thing."

Memorial's Boswell said that until the campaign began, Clyde Wells "had seemed to be asleep. You never heard from him. Well, the answer is that he was out organizing." Boswell, a former Tory supporter in provincial elections, said that he voted Liberal. "Wells," he



Wells (right) with wife, Eleanor, and Liberal MP Brian Tobin: a roiling dispute

National Notes

MOBILITY RIGHTS UPHELD
The Supreme Court of Canada struck down a Law Society of Alberta regulation barring outside law firms because it violated the Charter of Rights guarantee of mobility rights. The decision was expected to pave the way for the nation's big law firms to establish branches across the country.

CLOSING A LOOPHOLE
Revenue Minister Otto Jelinek promised to amend Canada's tax laws so that kickbacks and bribes are no longer allowed as deductible business expenses. Jelinek said that he had been unaware of the provision until New Democrat MP Lorne Nystrom asked about it in the House of Commons.

THE LAST HARRUMPH
Chief electoral officer Jean-Marc Hamel, in his last report to Parliament before retiring next year, warned that many Canadians are being deprived of the right to vote because the electoral system is on the verge of collapse. Hamel called for an end to "political patronage" in the appointment of returning officers.

MORE SEX CHARGES
Two more former members of a Newfoundland Roman Catholic lay teaching order, the Christian Brothers, were charged with sexually abusing young boys. The charges brought to 13 the number of priests, former priests and other members of the Catholic community charged or convicted of sex offences in Newfoundland over the past year.

COURT VOIDS RIDINGS
The British Columbia Supreme Court ruled that provincial electoral boundaries are unconstitutional and must be changed because they give voters in sparsely populated ridings more influence than those in built-up areas.

A NATIVE VICTORY
A Newfoundland judge acquitted four Innu of public mischief over their protests against low-level NATO flights at CFB Goose Bay on the grounds that the natives believe the base is on Innu territory.

GETTY OPENS UP
Alberta Premier Don Getty said that he has overturned a decision by campaign co-chairman Brian Downey to exclude the big-city news media from receiving campaign information for the May 9 Stettler byelection. Downey resigned from the rural seat to make way for Getty, who lost his Edmonton riding in the March 20 Alberta election.



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said, "has the aptitude and experience to address some of Newfoundland's dilemmas."

Indeed, the dilemmas facing Wells are considerable. Newfoundland and Labrador have an unemployment rate of more than 16 per cent, the highest sales tax in the country and an economy largely dependent on transfer payments and subsidies that many feared would be jeopardized by this week's federal budget. In addition to the troublesome Hibernia project and the dispute with France, federal fisheries scientists have warned that stocks of cod off Newfoundland's waters may be only half their estimated size. And one of Wells's priorities—and a recurring theme of his campaign—is the need to provide opportunities at home for the young Newfoundlanders forced to leave the province to find work in other parts of Canada. Wells's own son Mark, an engineer now working in the Ottawa area, returned for the election and told an interviewer he did not envisage an early move home. "I would love to come home to Newfoundland, but it's not that easy," he said. "You can't change an economy overnight."

Wells has indicated that he has more immediate tasks at hand. During the campaign, he said that he was not seeking any quick fixes, megaprojects or large-scale industrialization to strengthen the province's ailing economy. Instead, he said, a Liberal government would attempt to aid small- and medium-sized business and create greater economic well-being for the 60 per cent of the population that still lives in rural areas. He said that his promised upgrading of health, education and other services would cost $42 million and that there would be additional capital spending to expand the forest products industry as well as improve water and sewer services. He said that he would save $14.5 million by reducing government departments to 15 from Rideout's 19 ministries.

Most political insiders describe Wells as a conservative among Liberals who is likely to be both fiscally prudent and a shrewd negotiator. His first discussions with Ottawa may, in fact, involve the Meech Lake accord. He has also vowed to seek improvement of the royalty share of the Hibernia development and has argued that the federal government must help pay for the upkeep of Newfoundland's portion of the Trans-Canada Highway, which is carrying more traffic since the government closed the province's railway last year.

But it was Wells's postelection declarations about Meech Lake that provoked the greatest reaction in Ottawa. Senator Lowell Murray, minister for federal-provincial relations, said that he hoped Wells would reflect "long and hard" before rescinding Newfoundland's support for Meech Lake. Said Murray: "It would create a very bad precedent if a province can renege on a constitutional resolution that it has already passed." In response to Wells's intimation that he might want to renegotiate portions of the agreement, Murray said, "It's quite impossible."

Deputy Prime Minister Donald Mazankowski commented that the Meech accord "has been ratified by the Newfoundland legislature and it's a decision for him as to whether he wants to turn that over. Perhaps on reflection he may decide not to." And Transport Minister Bouchard spoke for many francophone politicians in Ottawa facing a threat to Meech Lake: "What the hell are we doing here? Is this the way to build Canada?"



GREG LOCKE/PICTURE WORKS

Rideout with wife, Jacinta, and daughter, Christine: a footnote to history

Federal Liberals such as Ottawa-area MP Jean-Robert Gauthier, a Meech Lake supporter, said that it was up to Wells "to come clean about what he wants. It's his game." But Toronto Liberal MP Robert Kaplan, another Meech supporter, had a different perspective on the accord's prospects. "As far as I can see, the federal government and the government of Quebec don't really care anymore whether Meech wins or loses," he said, "because either way they have an answer. If it goes through, they are both heroes. If it doesn't go through, Mulroney can blame the Liberals."

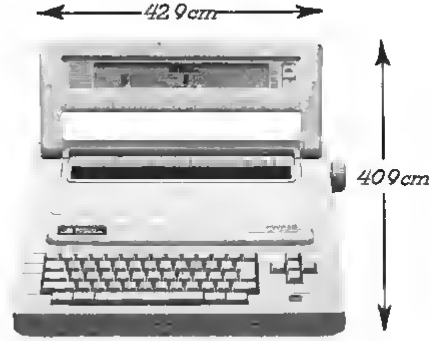
But the hero of the moment, at least among Newfoundland Liberals if not those on Parliament Hill, was Wells. The second of nine children of a Newfoundland railway freight handler, he put himself through law school by taking jobs in construction and as a plumber's assistant. In 1962 he married Eleanor Bishop, a native of Stephenville Crossing (they have three grown-up children: Mark, Heidi and David). In 1962, he graduated from Halifax's Dalhousie University law school and served briefly in the Canadian Armed Forces in the army's legal arm, the Judge Advocate-General's office. In 1964, he began practising law in Corner Brook, later specializing in corporate law. His abilities as a lawyer attracted the attention of Smallwood, who promised him a cabinet post if he ran for the Liberals. In 1966, Wells won Humber East—the same district that he lost by 101 votes last week.

Smallwood made him minister of labor at age 28, the youngest Newfoundland cabinet minister to that point, but he resigned two years later when he disagreed with the extent of government loan guarantees to the Come-by-Chance oil refinery, which went bankrupt in 1976 but reopened 11 years later. Wells called himself an independent Liberal until he left the legislature in 1971 and resumed his law practice in Corner Brook. Elected leader of the Liberal party in 1987 when he replaced Leo Barry, Wells concentrated on reorganizing the party's base. He came under fire in the past year for accepting a $50,000 annual payment from the party to supplement his $33,888 salary as leader of the opposition. He said earlier this year that he would give up that supplement if elected premier.

Wells also incurred criticism for his manner, frequently described as stiff and unemotional. Early in the provincial election campaign, he conceded that "quite a few people felt I was too quiet as a leader and they expected a lot of ranting and roaring all the time." But, he added, there had been "deliberate decision" to mute political rhetoric until the campaign had actually begun. For Newfoundland's new premier-elect, it was a strategy good enough to bring the tide back in.

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The leadership issue

Splits linger inside the Liberal party

From the corridors of a Quebec retreat to the House of Commons Liberal MP James Peterson spent last week lobbying fellow Liberals His aim to persuade his colleagues to cancel a scheduled vote on John Turner's leadership this fall and to convince Turner to remain for at least another year "We have to get rid of the internecine warfare and leader-bashing, which characterized the last four years,' said Peterson, MP for Toronto Willowdale and brother of Ontario Premier David Peterson But Peterson's plea likely came too late Some Liberals declared that the proposal was actually a thinly veiled attempt to slow Jean Chrétien's ascendancy as Turner's heir apparent And friends said that the beleaguered Liberal leader, who lost the last two federal elections to Brian Mulroney's Conservative party, is eager to announce his return to private life—perhaps as early as this week



Turner: after nearly five years and two election defeats, an eagerness to return to private life

But the bitter disagreements over Liberal policy, which marked Turner's five years at the helm, are likely to survive his departure The party remains deeply split over issues from how to respond to the Tory government's determination to reduce the deficit to their own particular internal demon—the Meech Lake constitutional accord Despite its divisiveness many Liberals were determined to make Meech Lake dominant in the selection of Turner's successor And unhappiness over the limited choice of leadership hopefuls has touched off a search for new faces, including a grassroots movement among young Quebec Liberals to pressure former Quebec provincial environment minister Clifford Lincoln into running Said Patrick Johnston, Turner's former social policy adviser who now works for David Peterson "It does not help us at this crucial point in time to have the leadership in limbo "

But most Liberals concede that Chrétien—who has the highest profile among the party's rank and file—would have a hammerlock on the leadership if the party held a convention in the next year Feeling secure in their front runner status, the Chrétien forces—most notably Senator Pietro Rizzuto in Quebec—have been wooing MPs, senators and party members Meanwhile, Liberals hoping to delay a leadership campaign are hampered by the fact that Turner soon must reveal whether he will fight to renew his leadership at the party's October convention in Calgary Delegate selection to the convention begins on May 1 and if Turner has not announced his intention to resign by then he will suffer the embarrassment of watching the election of delegates opposed to his leadership Said one Turner friend "Turner has no way of winning a leadership review and he knows it He will be 60 years old in June and he needs to get back to the private sector to earn some money."

Still, some MPs were trying to encourage Turner to stay on, at least until the fate of the Meech Lake constitutional accord is determined The governments of Manitoba and New Brunswick have yet to ratify the accord and must do so by June, 1990, or else it will die The anti-Meech forces may also have an ally in Newfoundland's Liberal premier-elect Clyde Wells, who has criticized the accord's "distinct society" clause, which confers special status on Quebec Wells has also charged that the Meech agreement would effectively block Senate reform because all 10 provinces would have to approve major changes to the upper chamber Said Quebec Liberal MP Gilles Rocheleau "I hope that Turner will stay for now to avoid having the tensions over Meech Lake which lie at the heart of this party, tear us in two."

But Turner's controversial 1987 decision to support the Meech Lake accord continues to provoke passionate debate among party members "We are drowning in Meech Lake," said Johnston, one of about 250 Liberals who attended a gathering of the Grindstone Group which meets periodically to informally review party policy, at Montebello, Que in mid-April. "Hearing the arguments on both sides of Meech Lake," Johnston added, "was like seeing a play for the fifth time." In fact, the Liberals are also divided on other issues from how to respond to the Tories' decision to upgrade Canada's relations with the Palestine Liberation Organization to whether social benefits should be taxed back from wealthier Canadians

But for those Liberals who regard Meech Lake—with its transfer of some federal powers to the provinces—as a betrayal of the party's traditional commitment to a strong central government, the Constitution is the paramount issue confronting the party Said Donald Johnston, a former Liberal cabinet minister who continues his crusade against the accord "The powers given to the provinces are an obstacle to any new national programs." And Johnston argued that many Liberals privately want the accord to fail but wish to avoid having the federal party take the blame. Johnston said that "everyone whispers" that New Brunswick Premier Frank McKenna will kill Meech, "but my own view is that we should not allow people who aspire to national leadership to skate away from such a fundamental issue."

But for aspirants to the Liberal leadership, any rejection of Meech Lake risks alienating Quebec Liberals, most of whom cherish the distinct society provision The Meech Lake dilemma has already thrown a wrench into the campaign machinery of one leadership hopeful Montreal MP Paul Martin Jr Martin, who was elected in the riding of LaSalle-Emard with the

When choosing a fine French wine,
there are two things to remember.



B&G. THE WORLD'S MOST FAMOUS COLLECTION OF FINE FRENCH WINES.

blessing of Quebec Premier Robert Bourassa, has supported the accord But at a party caucus meeting in St John's, Nfld , in February, Martin called for new negotiations between Ottawa and the provinces to break the logjam over ratification of Meech Lake The suggestion earned Martin a swift rebuke from Turner, who said that Liberal policy on Meech Lake was closed With that, Martin surrendered one advantage over Chrétien his proclaimed loyalty to Turner. Said Dennis Dawson, a former Liberal MP and a key Martin supporter in Quebec "When you are perceived as being disloyal to the leader, it causes problems "

Martin's perceived slide from the high expectations that greeted his entry into politics has provoked concern and frustration in his camp Said James Anderson, an Ottawa consultant who was one of the organizers of the Grindstone gathering "The party seemed to be looking for someone to be jubilant about People wanted to see some spark from Martin and did not get it, so there was a certain level of disappointment " Admitted Dawson "There is a strong need inside the Liberal party for a star candidate."

For now, Chrétien is unquestionably the most popular and charismatic of the likely contenders But his critics charge that he has failed to develop a slate of new ideas that could carry the party into the 1990s For their part, the activists behind Chrétien openly advocate a return to the party's traditional values Said Edward Goldenberg, an Ottawa lawyer who is one of Chrétien's key organizers "Let's face it—there are not a lot of new ideas out there and some old ideas are still pretty good You will not hear a lot of pie-in-the-sky notions from Jean."

But unhappiness with Chrétien and Martin has sent Liberals scrambling to search for new blood Many young Quebec Liberals have been trying to stir up support for Lincoln, an eloquent orator who built a devoted core of followers during his term as Bourassa's environment minister Lincoln is best-known outside Quebec for resigning from Bourassa's cabinet last December over the premier's controversial decision to override the Canadian Charter of Rights and Freedoms in order to ban languages other than French from outdoor commercial signs

Although Bourassa continues to try to woo Lincoln back into the cabinet, many provincial Liberals said privately that they would shift their support from Martin to Lincoln if the 60-year-old former insurance executive enters the race for the federal leadership But not all Liberals were taking Lincoln's candidacy seriously He is not even a member of the federal party and, said one prominent Toronto Liberal "It is bizarre that Lincoln can come from nowhere to be suddenly mentioned as a candidate It shows how desperate the party is "



KIRBY/PONO PRESSE

Chrétien feeling secure in a front-runner status



O'NEIL/PONO PRESSE

Lincoln: new alternative

But the politics of leadership is unlikely to obscure the deeper battle for the soul of the Liberal party "The overwhelming sense in the party is that the time for coherence and discipline on policy is 3½ years from now, when we are close to the next election," said Michael Robinson, a Martin supporter and chief financial officer of the party "In the meantime, if we have to sacrifice discipline in order to review what we stand for, that is not too much of a price to pay." With the veneer of unity peeling away, the once-grand Liberal party appears ready to embark on the fight of its life

BRUCE WALLACE *in Ottawa*

Keepers of the keys

The issue that unites a B.C. congregation

The vote clearly reflected the bitterness of the debate Last September, Rev Thomas Mercer and his United Church congregation in the Greater Vancouver community of Port Kells voted 46 to 3 to secede from the national church The reason: the decision by the United Church's general council the month before to allow the ordination of homosexuals, That policy has led 35 of Canada's 4,200 United Church congregations to secede Mercer's congregation, along with about a dozen others, has joined the Congregational Christian Church of Canada—itself a remnant of one of the founding churches of the United Church in 1925 But it has gone even further than the others in expressing its opposition to the decision. It has refused to hand over the keys of the small, white church building to the United Church of Canada—which claims ownership of the property And now the courts may have to settle the dispute Declared Mercer "In the interest of fairness and justice, we are the owners. Our people have put their time and talents into the church "

Indeed, members of the Port Kells congregation appear to be united in their resolve to oppose the council action Said Mercer "It was contrary to the teaching of the Scriptures " Added 77-year-old Daniel McIvor, a United Church member since he was 12 "If you take time to read up on homosexuality, it is plain unadulterated filth." And said 35-year-old John Mulder "We all agree that they can come into the church and ask for forgiveness like an alcoholic does But they must try and change their ways " In fact, the decision by the Port Kells church appears to have attracted new members since breaking with the national church, Mercer says that his congregation has grown to more than 120 people from 80

Spokesmen for the United Church maintain that they have legal title to the church and a neighboring house And they add that they have subsidized the Port Kells church for years Meanwhile, the two sides have been examining options such as allowing the Port Kells congregation to buy or lease the property Said Jon Jessiman, the Vancouver-based lawyer who represents the United Church "Christians should be able to sit down together to resolve this issue." But because the dispute reflects the profound national split in the church over homosexuality, that may be more difficult than appearances indicate.

DEREK WOLFF *in Port Kells*



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A QUICK MIND FOR CRIME

In a typical year, Elmore Leonard plots an intricate crime, puts together a team of outlaws and solves a murder or two. It is simply a matter of discipline, says the best-selling American crime-fiction writer who recently released his 27th novel, *Killshot*. Leonard, 63, said that he usually develops his ideas in the summer, researches them in the fall and in the winter spends every day at his desk until he finishes the novel, often by spring. Said Leonard: "I have the best job in the world."

Role models

They say that they want their fathers' fame, but **Jonathan Crombie** and **Lisa Robertson** add that they do not want the same kind of media attention. Instead, Robertson, 23, daughter of CTV news anchor **Lloyd Robertson** and Crombie, 22, son of former federal cabinet minister **David Crombie**, say that they hope their paths to stardom will begin with their work onstage together in **Joe Orton**'s *What the Butler Saw*, which opened last week in Toronto. Said Crombie: "I like the safety of the stage—if you make some strange gesture, it will not be in the next day's paper." For her part, Robertson says that she knows how to react if she is ever the target of gossip, because of advice she received from her father at an early age. "He said you ignore rumors and just let the dirt slide off your back." Robertson added that she is a strict believer in the newsman's first rule for survival—"Dad always said not to worry about what appears in the newspapers."



GREG HOLMAN

Robertson (left), Crombie: fame



WHITFIELD/X1

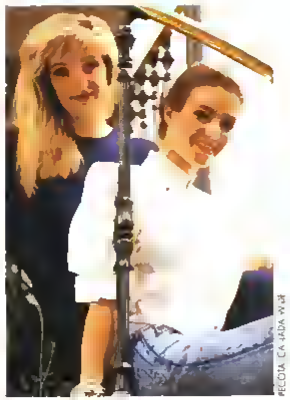
Midler: fast-talking and liberated

THOROUGHLY MODERN

Actress Bette Midler is reviving a classic movie character from the 1930s and shaping her into her own image. Starring in a remake of the 1937 melodrama *Stella Dallas*, Midler, 43, is turning the single mother—originally portrayed by Barbara Stanwyck—into a fast-talking, witty, modern woman. Director John Erman said that in the new version, called *Stella* and now filming in Toronto, the character has become as strong-willed as Midler. He adds that his star follows direction only when she agrees with it. Said Erman: "Both Bette and her character are indomitable ladies."

CHOREOGRAPHING ROMANCE

After working with Olympic champion figure skater **Katarina Witt** in Toronto for 11 days, ice-dance choreographer **Sandra Bezic Ricci** says that she is ready for a holiday. "I'm fried," said the internationally acclaimed choreographer after Witt returned home to East Germany last week with three new dance routines for her 30-city U.S. tour that begins in Baltimore on May 19. "It was very intense," said Bezic Ricci, 33, who designed the winning moves for American **Brian Boitano**'s performance at last year's Calgary Olympics. Unlike her usual routines, Witt's new dances are slow and romantic. Said Bezic Ricci: "Katarina is so sensual, and I wanted to work with that." Describing Witt, 23, as "an incorrigible flirt," her new choreographer added that while the pupil has no problem playing up her femininity on ice, it is difficult for her to slow down. "Katarina has so much energy, she's like a wild little puppy," she said. "Of course, you just can't help falling in love with her."



RECOTA, CA JADA WAI

Bezic Ricci (left), Witt: 'very intense'

Banking on love interests

Supersuccessful British composer Andrew Lloyd Webber predicts that his latest musical, Aspects of Love—which opened to mixed reviews in London last week—will be even more popular than his The Phantom of the Opera. *Aspects has already made theatre history in London with $10 million in advance ticket sales. Said Webber, 41: "This show will outlive all my other shows because 100 per cent of the world loves love."*

HOME COOKIN'

New *Home Cookin'* Soup from Campbell's is like you'd make yourself, lots of lean tender meat and crunchy vegetables in a fresh tasty broth. No need to add water, just heat and serve. *Home Cookin'* is so good you can serve it as a main course with a simple green salad or crusty bread. You'll have a meal that's good enough to call your own. *Campbell's*



JIM WRIGHT'S LONELY FIGHT

A U.S. CONGRESS ETHICS COMMITTEE CHARGES THE HOUSE SPEAKER WITH BREAKING THE RULES 69 TIMES

For 10 months the damaging details of his financial dealings have trickled out in the media and dogged his every step. Last week, House Speaker Jim Wright finally faced official—and potentially devastating—accusations. In a blistering 91-page report, the 12-member ethics committee—six Democrats and six Republicans—unanimously charged that Wright had violated congressional rules of conduct 69 times by not declaring thousands of dollars in gifts and by sidestepping legal limits on speaking fees through bulk sales of his book, *Reflections of a Public Man*. Faced with the growing prospect of becoming the first House of Representatives Speaker to be driven from office, the Texas Democrat reacted combatively. In a 40-minute speech to a special closed-door meeting of the House Democratic caucus, he declared, "I intend to fight and I intend to win." Wright, 66, has served in Congress for 34 years and, in his stilted drawl, he told reporters, "I have never done anything to dishonor this House and I never will."

With that statement, Wright fired the first salvo in what has become the fight of his political life. At stake is his position as the senior Democrat in the House and his job as Speaker, second-in-line for the presidency after Vice-President Dan Quayle. At the same time, Wright's troubles have been widely viewed as the Republicans' chance to exact revenge against the House Democratic majority, which last March thwarted Republican John Tower's nomination as defence secretary. It is also a key test for recently elected House minority whip Newt Gingrich, a brash Georgian who filed the charges against Wright last year and is hoping to exploit the affair to win Republican seats in the 1990 congressional elections. But what started as a partisan political attack has, with the ethics committee's unanimous vote last week taken on at least an early measure of bipartisanship—and has left Wright in dire straits. "The Speaker is in hip-deep water," said Montana Democrat Pat Williams, "and the white rapids are straight ahead."

In its report, compiled at a cost of $1.8 million, the committee on standards of official conduct paints an uncompromising portrait of Wright, his wife Betty, and their partnership with Texas businessman George Mallick. It charges that Wright schemed to evade strict limits on outside earned income through bulk sales of *Reflections of a Public Man*, a slim, soft-back collection of Wright's speeches, essays and recollections priced at $5.95 (U.S.). In seven cases, the committee documented that a university, special interest group or industry association bought hundreds of copies of the book instead of paying Wright a fee to speak. The rules forbid congressmen from earning more than 30 per cent above their annual salary in speaking fees, but there is no limit on book royalties. Wright's 55-per-cent sweetheart royalty deal on his book earned him $9,100 in fees disguised as book sales, the committee charged.

Gingrich: trying for Republican seats



Potentially more damaging were the committee's charges that Wright accepted about $172,000 in illegal gifts and favors from Mallick between 1979 and 1988. That included $85,000 in salary—over four years—to his wife, Betty; $63,340 in free or cheap use of a condominium in Fort Worth, and $23,000 for use and maintenance of a 1979 Cadillac. House rules strictly prohibit members from accepting more than $120 a year in gifts from people with a direct interest in legislation that is before Congress. The committee concluded that Mallick's extensive real estate, oil and gas holdings gave him that interest. "Wright," the report said, "did not exercise reasonable care to avoid even the appearance of impropriety, which is the hallmark of the House gift rule." As well, committee chairman Julian Dixon, a California Democrat, said that the committee will continue to investigate allegations of improper investment by Mallick and Wright in an oil and gas well.

But in a 279-page report that accompanied the committee's findings, outside counsel Richard Phelan singled out Betty Wright's role for his most stinging criticism. He maintained that she had not earned the money she was paid for alleged investment advice, nor was she qualified to evaluate business and investment deals. "Mrs. Wright had no experience, training or education in any of the industries Mallick said she explored," Phelan's report concluded. A high-school dropout and former nightclub tap dancer, she later worked as a secretary in Wright's office and after marrying him in 1972, quickly gained a taste for the good life. She was frequently photographed in Washington swathed in an ankle-length lynx-fur coat and driving a Cadillac. She also exerted a powerful influence on her husband: she is widely credited with overhauling his drab wardrobe and persuading him to move to an expensive house in McLean, Va. "I do like nice, expensive things more than he does," she admitted recently.



Wright: 'I intend to fight and win'



Betty Wright: gaining a taste for the good life

Last week, some House Democrats before returning to their districts for a five-day Passover holiday, voiced lukewarm support for Wright; others withheld judgment on the grounds that they had not read the voluminous report. "People are holding their fingers to the wind," said analyst Stephen Hess of the Brookings Institution, a nonpartisan Washington think-tank. "They want to see what the folks back home are saying." At the same time, Hess added, "If Wright went quietly into the night and evaporated, most Democrats would breathe a sigh of relief." Richard Scammon, director of the Washington-based Elections Research Centre, said that the Democrats "want to find a formula that won't hurt them back home and one that will preserve party unity. They are looking for an open-sesame out of the dungeon."

Meanwhile, Republican House members—most noticeably Gingrich—withheld their fire as the spectacle unfolded, clearly believing that they stand to gain even if Wright survives as Speaker. In fact, Thomas Mann, another Brookings Institution scholar, argues that "the Republicans are best off if Wright stays, is wounded and continues to bleed—then he will be a target for their campaign." Added Mann: "Newt is very smartly taking a powder on this. If Wright fell, he would be the man who slew the dragon." Still, while Gingrich is intent on breaking the Democrats' 34-year hold on the House, some analysts argue that, in the short term, a bitter political fight over Wright could cost President George Bush the bipartisan support he needs in the Democrat-controlled Congress.

But the course of the unfolding drama was far from clear last week. Wright requested an early appearance before the committee to present his side of the case. In addition, he issued a statement and two affidavits defending his wife's financial advice on various investments—including the movie *Annie* and a Texas winery. After Wright's rebuttal of the charges, the committee will decide whether to issue a mere letter of reproach or take more drastic steps: a formal reprimand, a censure—even expulsion. The harshest three options would require a vote of the full House, where the Democrats hold a 260-to-174 majority, but many analysts predict that there could be enough defections to unseat the Speaker.

In the meantime, action on the House legislative agenda has slowed and other leading Democrats are jockeying for Wright's job. If he is toppled, majority leader Thomas Foley of Washington is the odds-on favorite to succeed him. But Wright, a former amateur boxer, would clearly not go down without a fight. The question as he came out swinging last week, was not only whether he could knock out the committee's charges but, if he failed, how much damage he would do his fellow Democrats.

HILARY MACKENZIE *in Washington*

World Notes

MARCHING FOR DEMOCRACY

In China's biggest spontaneous demonstrations in 13 years, thousands of students demanding democracy and criticizing leader Deng Xiaoping marched through Beijing and Shanghai. The marches—watched by tens of thousands of onlookers—were apparently sparked by the April 15 death of Hu Yaobang, 73, a popular figure among intellectuals who was ousted as Communist party leader in 1987 for tolerating "bourgeois liberalism."

POISON GAS CONTROVERSY

A commission of Soviet medical experts concluded that troops used poison gas to break up a nationalist demonstration on April 9 in the Georgian capital of Tbilisi in which 20 people died and more than 200 were injured. According to the weekly *Moscow News*, Georgia's health minister Irakly Menagarishvili, said that the gas had been identified as "irritant in nature and similar in effect to atropine"—a poisonous chemical. The Soviet foreign ministry contradicted the statement, saying that troops had used ordinary tear gas.

THE RETURN OF SOLIDARITY

A Warsaw provincial court formally legalized the Polish independent trade union Solidarity—more than seven years after it was outlawed—as part of the Communist government's radical political and economic reforms. On the same day, U.S. President George Bush proposed tariff concessions and loans to help revive Poland's economy.

FLIGHT FROM WAR

Cars piled with mattresses and other belongings clogged the main coastal highway out of Beirut as war-weary Moslems fled to southern Lebanon from five weeks of savage artillery battles between supporters of Christian Army chief Maj.-Gen. Michel Aoun and Syrian troops backed by local Moslems.

POLITICAL TARGETS

A car bomb killed El Salvador's attorney general Roberto Garcia Alvarado, just five days after a bombing attack upon the home of vice-president-elect Francisco Merino. Right-wing president-elect Alfredo Cristiani, who takes office on June 1, blamed the attacks on leftist guerrillas.

SAKHAROV A WINNER

Human rights campaigner Andrei Sakharov and other reform advocates won seats in the new Soviet parliament in rerun elections for 12 of the 20 seats reserved for members of the Academy of Sciences.

PANAMA

A dubious ballot

Panamanians fear a rigged election

In a litter-strewn square in the old sector of the capital, Panama City, hundreds of Cellophane flags bearing the symbols of the progovernment election campaign rustled in the cool evening breeze. From a passing truck, a megaphone screeched a boastful slogan: "On May 7, we will eat chicken soup." May 7 is election day in Panama, and the slogan referred disparagingly to one of the political opposition's symbols, a red rooster. But the blaring message aroused scant interest last week among the people lounging on park benches, enjoying a brief respite from the muggy April heat. The latest opinion polls show that most Panamanians intend to cast their votes against the candidates backed by de facto military ruler Gen. Manuel Noriega—despite a pervasive belief that government officials will rig the election in their favor. "If they eat chicken soup," declared an opposition candidate at a recent rally, "the cock's spurs will stick in their throats."

Noriega is not running for office and has kept a low profile throughout the campaign. He has good reason: since the United States first imposed economic sanctions on Panama in 1987, 60,000 workers have lost their jobs. Since March, 1988, after Washington toughened its measures, another 40,000 have had their savings accounts frozen to prevent a run on the banks. But despite widespread discontent, Noriega remains the pre-eminent ruler of Panama. Progovernment presidential candidate Carlos Duque and the candidates for first and second vice-president, Ramon Sierra and Aquilino Boyd, are commonly referred to respectively as "Noriega's businessman, brother-in-law and lawyer." Said one European diplomat: "It doesn't really matter who the candidates are or what their policies are—this is not an election, it is a plebiscite" on Noriega's rule.

In 1987, when allegations implicating Noriega in drug smuggling, vote rigging and political murder touched off violent protests, the strongman offered to hold democratic elections. Last week, Manuel Santamaria, a spokesman for Panama's electoral tribunal, claimed that "the electoral process has been followed to the letter." But other observers disagree. In his Panama City law office, Guillermo Cochez, vice-president of the opposition Christian Democratic Party and a candidate for re-election to the legislative assembly, pulled a handful of voter registration cards out of a drawer. "These are duplicates that have been issued to presumed supporters of the progovernment coalition," he told *Maclean's*. "They allow people to vote twice." He added: "There may be 100 of them. There may be a 100,000. Nobody knows."



Noriega: despite widespread discontent—and U.S. pressure—the general remains in charge

Cochez foreign diplomats and ordinary Panamanians described a host of other irregularities including the illegal striking of names from electoral lists, the assignment of voters to polling stations hundreds of kilometres from their homes and the registration of dead persons. "The idea," said one Western diplomat, "is that on election day there won't be any need to steal ballot boxes or anything of the kind."

As if to confirm such suspicions, the government has barred the handful of official international observers it has invited from witnessing the actual vote count. Meanwhile, opposition newspapers and most independent radio stations have been closed since February, 1988, following Noriega's U.S. indictment on racketeering and drug trafficking charges and his dismissal of President Eric Arturo Delvalle, whom Washington still recognizes as the country's legitimate leader. Last week, the U.S. state department charged that the Noriega government had been intimidating opposition candidates. And following Panama's announcement that American citizens would now require visas to enter the country—and reported attempts to deny visas to foreign journalists—department spokesman Richard Boucher declared, "Noriega's latest action is an effort to insulate Panama's electoral process from any credible degree of public scrutiny."

Still, opposition presidential candidate Guillermo Endara is waging a spirited campaign. Last week, in a poor neighborhood of Panama City, a small crowd of supporters literally dragged Endara from his air-conditioned campaign Jeep and mobbed him like a rock star. "I have voted in every election since 1941," said 70-year-old Hilda de Villegas with tears in her eyes. "And every time, I have been cheated."

No one can predict how Panamanians will react if they conclude that they have been cheated again on May 7. But the outlook is gloomy. "I expect the immediate result to be destabilizing," said a European banker in his Panama City office, which overlooks the cluster of skyscrapers that once symbolized an oasis of stability and prosperity in a region wracked by political violence. Other observers said that Noriega will manage to maintain order. But some Panamanians were taking no chances. "We are getting rid of all our inventories," said one cautious businessman. "Anything can happen. It is an explosive situation."

DAVID GOLLOB *in Panama City*

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Argentina's Menem with daughter (left) and wife: voting in an economic crisis

SOUTH AMERICA

Liberty on the line

Elections test three fledgling democracies

Throughout the early 1980s, a democratic fervor swept South America, and military dictators gradually relinquished control to civilian governments. Among the continent's 13 countries, only two generals Alfredo Stroessner in Paraguay and Augusto Pinochet in Chile, prevailed. And three months ago, Stroessner himself was deposed by a longtime ally, Gen. Andrés Rodríguez, who immediately pledged some democratic reforms. But now, as Argentina, Bolivia and Paraguay prepare for May elections, fledgling democracies are under fire from another quarter—a steadily deteriorating economic situation. "It is not as dramatic as a war," said George Ann Potter, director of *Latinamerican Press*, a Peru-based publication that focuses on continental political and development issues. "But if anything is really going to seriously challenge most of the so-called democracies in Latin America, it will be the economic crisis."

Civilian governments have grappled with economic stagnation and a crushing foreign debt that now totals more than $480 billion for the region. And international relief organizations have characterized the 1980s as the "decade of lost development," while such gauges of living standards as nutrition, infant mortality and life expectancy slip back to levels of more than 10 years ago. Those conditions will be vital factors in the May elections. Only in Paraguay—which has suffered less economic decline than many of its neighbors—is the election campaign preoccupied with the country's nascent democracy.

There is little doubt that Rodríguez who became the leader of Paraguay's ruling National Republican Association, or Colorado party, after a Feb. 3 coup, will win the presidential elections there on May 1. The opposition parties had scarcely three months to prepare after stagnating under Stroessner's 34-year dictatorship. But daily newspapers are now publishing, with unprecedented openness, stories about Stroessner's embezzling millions of dollars and about indictments against government ministers. They have also printed a flurry of interviews with formerly outlawed politicians. "People just can't stop talking about it," said Aldo Zuccolillo, publisher of *ABC Color*, a newspaper banned by Stroessner. "The fear is gone. Now it's the future of the country that is at stake."

In Bolivia, once the continent's most politically unstable country, the armed forces have not staged a coup for seven years. With no immediate threat of military intervention, unemployment has emerged as the key issue in May 7 elections for the presidency and congress. President Víctor Paz Estenssoro, who is stepping down, laid off or retired about 80,000 government workers as part of his 1985 austerity plan. That program brought inflation down from a peak of 24,000 per cent in 1985 to an average of 20 per cent last year—but added to the already high unemployment rate. "So far, the government has been able to maintain stability," said Herbert Müller, a financial analyst and pollster in La Paz. "But if there is no economic reactivation and a program for employment, social tensions are going to explode." In the political campaign, Paz's heir as candidate for the ruling National Revolutionary Movement, Gonzalo Sánchez de Lozada, is running second in a field of 10 to former military dictator Gen. Hugo Banzer, fondly remembered for the relative prosperity during his rule from 1971 to 1978.

Argentines have also been subjected to frequent coups. But in 1983, after eight years of military rule, President Raúl Alfonsín was elected on a platform that focused on restoring civil liberties. Even though military officers have staged three uprisings in the past two years, the campaign for May 14 presidential elections has revolved around economic issues. Eduardo Angeloz, presidential candidate for the ruling Radical Civic Union party, is taking criticism for Alfonsín's economic policies after the monthly inflation rate—in the single digits for almost a year—jumped to 17 per cent in March and is expected to hit 25 per cent for April.

Argentine opinion polls placed charismatic opposition candidate Carlos Menem clearly ahead of Angeloz, although the polls show that at least 25 per cent of voters remained undecided last week. Menem, who is running a populist campaign and casting himself as the political heir to former Argentine president Juan Perón, has promised to help the poor but has not offered concrete economic alternatives.



While civilian governments in the region struggle to deal with growing discontent and economic hardship, military establishments have kept a relatively low profile by Latin American standards—perhaps because they have no solutions either. Said Carlos Franco, a Peruvian political analyst: "It is clear the armed forces don't feel they have the economic and political formulas nor sufficient social consensus to take over." For the region's new democracies, that, at least, is one sign of hope.

MARY NEMETH *with* KATHRYN LEGER *in Lima and* CRISTINA BONASEGNA KELLY *in Buenos Aires*

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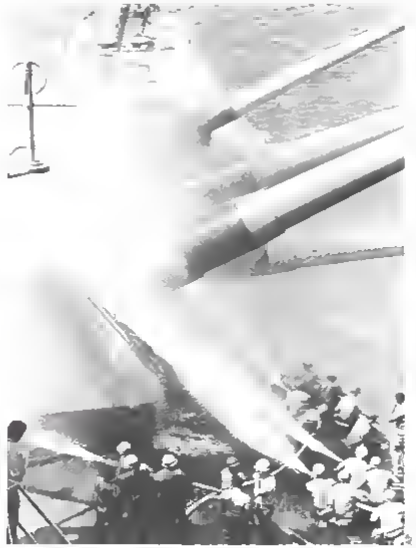
A tragedy at sea

A battleship explosion kills 47 sailors

Proponents said the 16-inch guns of the U S navy battleship Iowa represented the pinnacle of naval war technology Critics said they were outdated and dangerous Whatever the truth, 47 men on a USS Iowa gun crew were killed last week in one of the worst peacetime accidents in U S naval history And naval officials ordered all their same-calibre guns silenced until a commission of inquiry had established the cause of the disaster

The accident occurred on the morning of April 19 as the Iowa—one of four mothballed Second World War battleships refitted and recommissioned during the Reagan defence buildup of the early 1980s—took part in exercises 300 miles northeast of Puerto Rico The men of the 58,000-ton Iowa had finished test-firing the three 16-inch guns of its number 1 turret Number 2 was about to follow suit when suddenly, a tremendous explosion ripped through the sealed steel gun room at the top of the multilevel turret Every man in the five top levels died almost at once, senior officers said later But by some quirk, 11 men in the turret's lowest level—the powder magazine more than 30 feet below deck—survived with only slight injuries

Suspicion centred on the gunpowder that sailors use to blast a 2,695-lb projectile a maximum range of 23 miles. They were either loading, or were about to load, five silken bags—each containing 110 lb of powder—into the breech of one of the turret's guns when the fatal blast occurred The Iowa's 16-inch guns—and those of its sister ships, the Missouri, the New Jersey and the Wisconsin—are the largest in use by any navy And some experts say that the guns have not changed much in concept since they were introduced before the First World War



Sailors battling the blaze no surviving witnesses

After the flag-draped coffins of the victims had been flown to the U S mainland from Puerto Rico retired Rear Admiral Gene LaRocque, an outspoken critic of Reagan-era defence policies fired a salvo of his own The Iowa and the other recommissioned U S. battleships had "old-fashioned ammunition old-fashioned technology and old-fashioned wiring," he said He speculated that the wiring may have malfunctioned, igniting the gunpowder prematurely, or that a gun's breech mechanism may not have closed properly, causing a backfire But Capt Larry Seaquist, who commanded the Iowa until May, 1988, insisted that "this remains the finest naval gun in the world "

Meanwhile, Admiral Carlisle Trost, chief of naval operations ordered that no 16-inch gun should be fired until the accident's cause is known But some experts said the death of every eyewitness might make it impossible to reach firm conclusions In any case, the sharp divisions of opinion surrounding the 16-inch gun seemed merely the opening shots in a battle of words that might well outlast—and overshadow—the official inquiry itself

JOHN BIERMAN *with* **WILLIAM LOWTHER** *in Washington and* **PEGGY ANN BLISS** *in Puerto Rico*

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Hitler at 1933 rally in Nuremberg:
'He represents the evil in everyone'

GERMANY/ESSAY

The Führer's dark legacy

A century after his birth, Germans argue over Hitler

BY JOHN BIERMAN

He was a shabby little man with an absurd toothbrush moustache but endowed with a charisma that held millions in thrall. He overcame grinding poverty and deep obscurity to leave an indelible mark on his time. He was born 100 years ago last week.

Charlie Chaplin or Adolf Hitler? The description applies equally to both. And it is one of the truly odd aspects of the century that its most benign and beloved clown and its most malign and benighted dictator should have been born within four days of each other. To a generation that knows them only through the memories of its elders and the grainy black and white of old film and newsreel footage, both men may seem insubstantial, mythic—the good fairy and the bad. Chaplin is the friendly ghost who can be conjured up for pleasure by the magic of videotape. Hitler is the baleful spectre who haunts not only the Germans who nourished him and the Jews and other so-called undesirables who survived him, but everyone of any nationality who cares to ponder the evil principle in man.

The West Germans to their credit have been doing a good deal of pondering recently—though perhaps more on Hitler himself than on the culpability of the generation that blindly followed him. At its most rarified level, the pondering has taken the form of a debate between opposing scholars, fought largely in the columns of the press and acerbic enough for them to call it "the War of the Historians." The spark that ignited that conflict was struck by the least scholarly of recent world leaders, Ronald Reagan, when he decided in 1985 to mark the 40th anniversary of the end of the Second World War—and West Germany's subsequent rehabilitation as a model democracy and cornerstone of NATO—by visiting a German military cemetery at Bitburg.



UPI/BETTMANN NEWSFOTOS

Braun: partner in death

There was considerable embarrassment in the U.S. state department when it was discovered that 49 members of the notorious Waffen SS were buried at Bitburg along with ordinary soldiers. But Reagan—whose own experience of the war was limited to making air force training films in Hollywood—refused to back out. He was unwilling to embarrass the conservative chancellor, Helmut Kohl, who wanted the event to serve as a symbolic closing of the door on Germany's dark Nazi past.

In the international uproar over Bitburg, German academics came down from their ivory towers to uphold or oppose Kohl's position. Conservative historians argued that Germany had been the first to fight the "real enemy"—the Soviets—and was as much the victim of a rapacious Red Army as the Jews, Poles, Gypsies and others were victims of a murderous SS. They implied that Hitler's reign from 1933 to 1945, was an aberration and must not be allowed to go on poisoning the wells of national self-respect.

The maverick historian philosopher Ernst Nolte of West Berlin's Free University argued that the slaughter of the Jews should be seen in

• GIBSON'S FINEST STERLING EDITION •



WHEN ONLY THE FINEST WILL DO

proportion to other 20th-century crimes. He cited the Turks' mass murder of Armenians in the First World War, the destruction of the kulak (wealthy peasant) class after the Russian Revolution and, more recently, Pol Pot's extermination of at least two million of his own Kampuchean people. "Was not the Gulag Archipelago more original than Auschwitz?" Nolte asked rhetorically. "Was not 'class murder' by the Bolsheviks logically and actually prior to 'racial murder' by the Nazis?"

Few if any of the academics and politicians who argue for the slate to be wiped clean can fairly be called neo-Nazis. At most, they deny nazism's relevance to today's world, want Germany to have a normal history like other Western democracies and urge Germans to shed their guilt for the Nazi era. As the right-wing Bavarian politician Franz-Josef Strauss, who died last October, said during the 1987 federal election: "It's high time we emerged from the shadow of the Third Reich. German history cannot be reduced to the 12 years of Adolf Hitler."

But to philosopher Jürgen Habermas of Frankfurt University the Nazi past is not that easy to shed. "Anyone who wishes to expunge the shame with facile talk of guilt obsession," anyone who wants to recall the Germans to a more conventional form of national identity, destroys the only reliable basis of our tie to the West," he says. Historian Eberhard Jäckel of Stuttgart University refutes the comparison between the Holocaust and other 20th-century megacrimes. He dismisses Nolte's contention that, with cyanide gas and other modern means of mass murder, the Nazis simply had a more efficient technology than their predecessors. "The murder of the Jews was singular," says Jäckel, "because never before did a state decide with the authority of its responsible leader to announce the total annihilation of a certain group of people, including the old, women, children and babies, and actually carry out this decision with all possible bureaucratic force." And Bielefeld University historian Jürgen Kocka says flatly, "Hitler should not be displaced by Stalin or Pol Pot."

Despite the harshness of the War of the Historians, even the most nationalistic participants stop well short of the self-styled revisionist historians elsewhere who claim that the Holocaust never happened. Hitler's wartime enemies—notably France, Britain, the United States and Canada—seem more hospitable than postwar Germany to the pseudoscholars and hate-propagandists such as Toronto's Ernst Zundel who claim that the Jews invented the Holocaust to extort reparations and gain sympathy for Israel. When a West German historian named Helmut Dumwald cast doubt in a 1978 book on the Holocaust death toll of six million, there was such a storm of protest from fellow historians that his publisher made him rewrite the offending chapter.

Hitler's centennial has reignited the debate.



Chaplin in The Great Dictator: *the good fairy and the bad*

The April 10 issue of the centre-left, mass circulation weekly magazine *Der Spiegel* carried a cover article headlined: "The terrorist of the century." In it, publisher Rudolf Augstein laid the blame for the Second World War squarely on Hitler's shoulders. "There are very few wars for which a single party or a single individual can be held responsible," wrote Augstein, "but this is a classic example." And in an obvious reference to the weakness of Britain and France in yielding to Hitler's territorial demands up to the time of his 1939 invasion of Poland, Augstein added: "The world had offered Hitler everything more than it could ever justify. But he wanted war."

But concentrating the debate on Hitler himself tends to shift the focus from the issue of the complicity of the German people as a whole. "They must not be allowed to blame it all on Hitler," says left-liberal historian Hans-Ulrich Wehler of Bielefeld University. "Two or three million people at least—railway workers, civil servants, soldiers as well as SS men—must have known about the death camps." Still, Wehler points out that the Germans have confronted their past more rigorously than their Austrian associates and their wartime allies—the Japanese, Italians and Vichy French. "I do not wish to sound smug," he says, "but our historians, high-school teachers and journalists have done a good job in this regard."

That may be so, but a recent poll conducted for *Der Spiegel* reveals a good deal of ambivalence and ignorance. Fourteen per cent of 2,200 West Germans polled considered Hitler a "more positive than negative" figure, while 25 per cent admitted knowing "virtually nothing" about him. The issue for the future is whether nazism has survived as a philosophy, and whether a new führer could arise—in Germany or elsewhere—to assume the mantle of the dictator who committed suicide with Eva Braun, the mistress he had just married, as Berlin fell on April 30, 1945. Despite the existence of small and virulent neo-Nazi groups in Germany, the United States, Canada and some Western European countries, that seems unlikely. As Wehler points out, Hitler and nazism were very much the product of a particular time, place and set of circumstances.

However, in the current era of mass migration, xenophobia is widespread. And that irrational hatred of people of different race, culture, color or religion may become more acute, especially in Western Europe, where all barriers to population movement within the European Community will disappear in 1992. That would strengthen such racist parties as West Germany's far right Republican Party, which made gains in two recent municipal elections, and Jean-Marie Le Pen's French National Front. But," says Wehler, "I don't believe that the weird mixture of ideas and prejudices that was nazism could ever be attractive to a whole nation now. The world has changed too much."

Still, that does not necessarily mean that—100 years after his birth in Braunau, Austria on April 20, 1889, and 44 years after his self-immolation in the *Führerbunker* in Berlin—Hitler is finally dead. Says Michael Kater, professor of modern European history at Toronto's York University: "He is not dead and should not be allowed to die until we—all of us, and not just the Germans—can justly put this phenomenon behind us. Hitler was German, but he represents the evil in everyone."



No one called in the helicopters

BY CHARLES GORDON

A bus going nowhere sits on Parliament Hill. Only in Canada could that represent a terrorist threat. Not to minimize the potential danger, not to trivialize the event in any way—but there were some ways in which the hostage-taking event on Parliament Hill could only have happened here. Which is not all bad, when you think about it.

Something happens to people, no matter how angry, no matter how politicized, when they step onto Parliament Hill soil. They calm down, they become less exciting. Take the April 7 bus incident. The bus arrives on Parliament Hill, which is not exciting. Then a shot is fired, and another, which is exciting, except that most of the people around, being Canadians and not being used to gunshots, did not know they were gunshots. So the most exciting part escaped most people.

The bus started up and drove a bit, then turned onto the parliamentary lawns, where it got stuck. There it sat, containing its hostage-taker and hostages for 5½ hours. Then the hostages were released and the hostage-taker surrendered. The television networks tried to make it look exciting. So, the next day, did the newspapers. But what they had, and it was impossible to conceal it, were pictures of a bus not going anywhere.

There was something appropriate there, in view of the current national debate over transportation. A bus going nowhere sits on Parliament Hill, and people take pictures of it. It could have been better, from the point of view of political symbolism, only if the bus had been a train.

Other pictures were more appropriate for what they did not show. There were pictures of no one panicking. There were pictures of policemen not firing guns. There were pictures of no one being hurt. Off Parliament Hill, there were, had a camera been spared to take them, pictures of traffic being snarled—understandable enough, given that one of the city's main arteries had been closed to traffic during a Friday afternoon rush hour. But the pictures would also show thousands of people going about their business in a business-as-usual way.

There were some ways in which the bus hijacking and hostage-taking on Parliament Hill could only have happened in Canada

Downtown Ottawa did not shut down. Businesses and government offices were not closed. The visit of Oscar Arias Sánchez, president of Costa Rica, was not curtailed. In fact, he gave a press conference in a building within sight of the bus going nowhere on Parliament Hill. The press conference went on, the main concession to the emergency being that Arias was taken out a different door when the press conference concluded.

Evening social events scheduled for downtown were not postponed. Banquets, dances—they went ahead. Some might have called this foolhardy, given the presence of an armed man with what were thought to be explosives, but the evening's events went on.

The pictures did not show that. More significantly, they did not show what TV audiences the world over have come to expect whenever a crisis occurs—fire trucks whizzing around with sirens blaring, helicopters whirring overhead. The police may not have set out with the intention of disturbing as few people as possible, but that was the effect.

Pictures not showing helicopters were Canadian pictures, for certain. It is difficult, in the modern world, to picture a similar scene in any other world capital—and particularly Washington—without helicopters. But there we were, helicopterless, as our downtown Ottawa skies always are except when the president of the United States comes to visit.

Something else the pictures did not show was a Canadian grievance. The taking of the bus, according to all reports, had to do with conditions in Lebanon. Just the day before, the Hill had been host to a large demonstration. Thousands of Lebanese-Canadians protested recent actions of Syria. The demonstration, like dozens of demonstrations on Parliament Hill, had only a peripheral relationship with Canada.

A few days before that, there was the annual Tibetan demonstration. Every year, a group arrives on the Hill from Montreal to protest Chinese rule in Tibet. Their protest coincides with the anniversary of a revolt in 1959. "We want the government of Canada to go on record and say what is happening in Tibet," said a spokesman, one of 19 people to make the trip this year.

The phenomenon is familiar to anyone who lives in a capital city. Provincial legislatures are often the site of protests that have nothing to do with the provinces in question. Demonstrators frequently march on Parliament Hill when they should be marching on city hall, or on Damascus.

That, in a way, is what Parliament Hill is for, to be a focus of protest, since it is also the focus of government. Where our parliamentary grounds differ from many is in the other uses to which they are put. Parliament Hill is also used as a kind of park. It is a special kind of park, mind you. Since 1976, cameras located high on surrounding buildings have kept the area under surveillance. But no one using the park seems to notice.

In warm weather, people toss Frisbees, picnic, get a suntan. Every summer, a softball game is held there, with members of Parliament taking on members of the press gallery or other notables. The bus was parked just behind third base, partly in foul territory.

On July 1, people watch fireworks on the Hill. On New Year's Eve, they party. Daily, in the warm weather, workers from nearby office buildings take their lunches to Parliament Hill benches. Within sight of the important offices and idling limousines, ordinary people treat the parliamentary lawns as their own.

It is true that people weren't doing that while the bus was parked there, going nowhere. But they resumed, the next day, and the next week and the week after that, and will continue to do so, unless the fearmongers—those too ready to view Canada as the target of world-class terrorism—have their way. Cooler heads see it differently, so far. The strength of our government is its openness, both figuratively and literally, and the most intelligent observers are those who recognize that walls are a sign of weakness.

Charles Gordon is a columnist with The Ottawa Citizen

THE CROWN'S CASE

FORMER BRITISH COLUMBIA PREMIER WILLIAM BENNETT GOES ON TRIAL ON CHARGES OF INSIDER TRADING



William Bennett (left) and lawyer: 'I've done nothing wrong and I'm not guilty'

The court docket posted last week at the entrance to the provincial courthouse in Vancouver's seedy East End listed a typical daily gamut of cases—assault, possession of cocaine and heroin, impaired driving, theft under $200 and even murder. But also listed on the 12 pages of computer printouts were insider trading charges involving three of the most prominent names in British Columbia: former premier William Bennett, his brother Russell, and Harbanse Singh (Herb) Doman, founder and controlling shareholder of Doman Industries Ltd., of Duncan, B.C. Meanwhile, on the littered sidewalk in front of the courthouse, derelicts jostled in what is normally their preserve with as many as 11 television camera crews and as many as 30 journalists assigned to cover the largest insider-trading trial in Canadian securities history.

Inside, in a crowded 75-seat room on the courthouse's third floor, the former premier, 57, his 60-year-old brother, and Doman, 56, pleaded not guilty to charges arising from the sale of Doman Industries shares on the Toronto Stock Exchange (TSE) last year. Outside the court, too, William Bennett protested his innocence. The Crown alleged that they had received privileged insider information about the logging company that was not available to the public. Doman and Russell Bennett were also charged in court last week with offences stemming from Bennett's purchase of Doman Industries shares last summer. If convicted of violations of British Columbia's Securities Act, the three defendants each face maximum penalties of five years in jail or $100,000 in fines. And on June 29, a trial date is scheduled to be set for the Bennett brothers in Toronto, where they face similar charges. If they are convicted of violating Ontario securities laws, they face the prospect of even harsher penalties—up to two years in jail and fines of three times the value of any financial gains that the court finds are illegal, or $1 million, whichever is greater.

The charges stem from a joint investigation by B.C. and Ontario securities regulators into the Nov. 4, 1988, sale of 517,996 Doman Industries shares by the Bennetts—sons of former B.C. premier W. A. C. Bennett—and longtime friends and associates of Doman's. According to evidence given to the court, the shares were sold minutes before the TSE halted trading in the shares of the Vancouver Island-based company. Crown prosecutor Robert Wright admitted last week that his evidence is "in its entirety, circumstantial." Still, the Crown alleged that Doman told the Bennetts on Nov. 4 that a proposed takeover of his company by the U.S. lumber giant Louisiana-Pacific Corp. (LPC) had been withdrawn. That, according to Wright, allowed the Bennetts to sell $5.9 million worth of Doman Industries shares before the public announcement that the takeover was off. According to signed admissions of fact submitted to the court last week, the Bennetts sold all their shares, most of them for $11.37 each. The Bennetts also acknowledged making a combined profit of $2.1 million on the sale of their shares, which had climbed from around $7.50 when the Bennetts bought them last summer. When trading in the stock resumed three days later on Nov. 7, the price of Doman Industries shares dropped back to $7.50.

The most crucial evidence for the prosecution centres on several Nov. 4 telephone calls to Doman's office in Duncan, B.C., from LPC chairman Harry Merlo in Portland, Ore., and from Doman's office to Russell Bennett's offices in Kelowna, B.C. According to telephone company log sheets and testimony given at the trial, the calls were made in rapid succession, and were quickly followed by orders from the Bennetts to their stockbrokers and the subsequent sale of their Doman shares. The court was told that the first call from Merlo to Doman at 9:52 a.m., came after a two-hour meeting between Merlo and LPC executives at which the decision was made to withdraw LPC's $12-per-share takeover offer for Doman Industries. Doman would have realized up to $65 million in cash and shares if the deal had gone through. But Merlo—a longtime friend of Doman—testified last week that LPC decided not to make the $200 million purchase because of lower-than-expected revenue figures for Doman Industries.

Telephone records of U.S. West Inc., introduced by the Crown as evidence, show that Merlo's call to Doman lasted 15 minutes. Merlo testified that he told Doman of LPC's decision and advised him to inform TSE officials of the decision and ask them to halt trading in Doman Industries shares. And Robert Grant, a B.C. Tel manager, testified on April 18 that at 10:09 a.m.—two minutes after the call from Merlo ended—a five-minute call from Doman's office was placed to Russell Bennett's offices in Kelowna. According to the Bennetts' own admission, at 10:17 a.m. Russell Bennett's 188,696 Doman Industries shares were sold on the TSE and at 10:21 a.m., William Bennett's 179,300 shares and the 150,000 in the accounts of his wife, Audrey, and their four sons were also sold. The TSE halted trading in Doman Industries shares at 11:13 a.m., more than an hour after the alleged conversation between Merlo and Doman. At 1:35 p.m., Doman issued a news release announcing the withdrawal of the LPC takeover bid.

Telephone records also hold the key to the Crown's case against Doman on a second series of insider-trading charges. The charges were laid in court last week in connection with Russell Bennett's purchases of Doman Industries shares which began last August. According to Wright, Doman allegedly began providing what the prosecutor termed "privileged information" to Bennett prior to those purchases. Last week, Wright told Provincial Court Judge Wallace Craig that he intended to produce evidence that will show that on Aug. 24, 1988, Merlo and Doman met to discuss the takeover bid, and that Bennett began purchasing large volumes of Doman shares on Aug. 25.



Doman, founder and owner



Russell Bennett's log sheets

According to the chronology outlined by Wright, on Oct. 17 Bennett phoned Doman at his home and talked to him for 20 minutes. Shortly after 8 a.m., Bennett sold 100,000 Doman Industries shares. The shares, which traded between $5 to $6 in early 1988, rose to $8 in September and to over $10 in October. When Bennett issued his sell order, they traded at around $11.50.

Prosecutors in Ontario said that they still plan to try the two Bennett brothers on insider-trading charges arising from the sale of their shares on the TSE on Nov. 4. The Ontario charges were laid on Feb. 4. Because Canada's Charter of Rights and Freedoms says that no one may be tried twice for the same offence, some legal experts have questioned whether the Bennetts will ever face charges in Ontario.

In Vancouver, the defence is scheduled to begin presenting its case this week, but attorneys for the three accused have yet to indicate whether or not their clients will take the stand. Outside the courtroom last week, the former premier said, "My lawyer has instructed me not to talk about the case, but I can say I've done nothing wrong and I'm not guilty." The trial is expected to continue for another two weeks.

HAL QUINN *with* **JOHN PIFER** *in Vancouver*

Business Notes

CHALLENGE TO BELL

Promising an end to what he called "Soviet-style communications monopolism," Rogers Communications Inc. president E.S. (Ted) Rogers announced that his company plans to spend as much as $275 million to purchase 40 per cent of CNCP Telecommunications. Rogers and CNCP president George Harvey said that the firm plans to apply soon to the Canadian Radio-television and Telecommunications Commission for a licence to launch a long-distance telephone service to compete with Bell Canada.

CINEPLEX STALLED

Giant U.S. entertainment conglomerate MCA Inc., which owns 49.6 per cent of Toronto-based Cineplex Odeon Inc., won an injunction in the Supreme Court of Ontario indefinitely prohibiting investors led by Montreal financier Charles Bronfman from selling a 30-per-cent stake in Cineplex to another group of investors loyal to Cineplex chairman Garth Drabinsky.

OIL PRICE JUMP

Oil prices surged to $30 a barrel, their highest levels since early 1986, after an explosion on a North Sea production platform shut off a quarter of Britain's oil production. The blast ripped through the Cormorant Alpha platform rig, forcing the closing of a major pipeline.

IMPERIAL SALE

U.S.-owned Imperial Oil Ltd. announced that it plans to sell off more than $1 billion of its assets over an indefinite period in order to finance its proposed $4.96-billion acquisition of Texaco Canada Inc. and in an effort to appease Ottawa's Bureau of Competition Policy, which is currently reviewing the deal.

PENCER DEPARTS

Gerald Pencer resigned as a director of Financial Trustco Capital Ltd. after the company announced a 1988 loss of $234 million. That severed the aggressive financier's last remaining link to the company, which he transformed from a small Alberta firm into a Toronto-based financial conglomerate with more than $2 billion in assets.

POST OFFICE COMPETITOR

Harvie Andre, the federal minister responsible for Canada Post, said that he would have no objections to ending the post office's 121-year-old monopoly on regular letter mail delivery, so long as adequate service could be guaranteed to remote areas.



The birth of a new continental power

BY PETER C NEWMAN

The road to European integration remains blocked by serious doubts and problems, but the process is now irreversible

Not much has happened since the U S -Canada Free Trade Agreement was signed into law four months ago but in Europe—with more than three years to go until the 1992 liberalization deadline—a new continent is being born.

Talking to Euroexperts as I did during a brief recent journey to Amsterdam, I could sense their Europhoria—enthusiasm for the day when 12 member states of the European Community cast off most of their remaining social and economic barriers The road to European integration remains blocked by serious doubts and formidable problems, but the process is irreversible

Out of the ongoing bargaining at the Community's headquarters in Brussels is emerging a United States of Europe that will encompass the United Kingdom, France, West Germany, Italy, Spain, Portugal, Holland, Belgium, Denmark, Greece, Ireland and Luxembourg. Europe will become the world's largest single marketplace 320 million educated and rich consumers, ready to take on the world.

In a pivotal decade, the continent will have transformed itself from a patchwork quilt into a tough and single-minded competitor of the U S and Japanese mega-economies—encompassing an internal market nearly as large as both countries combined According to early estimates the 1992 amalgamation will dramatically raise the member states' standards of living, increasing the region's rate of economic growth by at least seven per cent reducing the cost of living by six per cent and creating more than five million new jobs As borders virtually disappear at least 50 million Europeans will relocate their homes, permanently altering the continent's geography

Under the new rules not just people, goods, services and capital will move freely between the 12 countries, but tax laws will be harmonized, as will professional qualifications, so that a doctor graduating from the University of Bologna, for example, will be able to practise in Leeds or Hamburg without having to pass any qualifying tests

It is a revolution in the making as significant as the Soviet Union's current turnabout Yet few Canadian businessmen are aware of 1992's implications, and fewer still are doing anything about it In contrast the Americans and Japanese are rushing into the European market Japanese industrialists have invested $20 billion in the past 36 months, IBM now has 120,000 employees in Europe

Negotiations involving some 300 nontariff barriers have been under way in Brussels for more than a decade, and only 40 major items remain to be resolved Until recently, for example, electronics manufacturers had to supply seven different models to accommodate various European specifications, dozens of differing styles of electrical outlets have been in use, even hotel sheets and pillows come in unequal sizes The Mercedes factory in Stuttgart complained it had to make 36 styles of rearview mirrors to qualify for local ordinances Truckers wasted one-third of their travelling time waiting to clear red-tape-encrusted border posts Most of these anomalies are being eliminated Since January, for instance, drivers taking their lorries across the five frontiers separating Lisbon and Amsterdam require only a single permit instead of the two pounds of previous documentation Common driving licences and even passports are in the works.

The Brussels negotiations have not been easy It took 13 years to arrive at a satisfactory definition of the decibel noise permissible for power lawn mowers for one thing In terms of external trade, the EC is demanding reciprocity, so that non-European banks will have their access restricted to those functions that European banks can perform in their host countries. That and other measures will raise external trade barriers The label applied by the union's critics—"Fortress Europe"—will be justified, at least initially

The most contentious outstanding issues are harmonization of member states' agricultural subsidies, which now total nearly $40 billion, and labor mobility, which is particularly relevant since Spanish wage rates are half of West Germany's There will be tough negotiations on automobiles because France and Italy so strongly protect their markets for domestic manufacturers (Last year, precisely 1,120 Japanese cars were imported into Italy) Nissan already has a plant in Britain to get in under the barrier, and Toyota has similar plans Western Europe overtook North America as the world's largest auto market in 1987, car sales last year exceeded 12 million.

Another stumbling block will be the widely differing value added taxes imposed by member countries, ranging from zero to 38 per cent. France obtains something like 40 per cent of its federal revenues from the levy and has dug in on lowering it while Germany's Helmut Kohl insists there will be no new Europe without lower and homogeneous VAT rates.

The most dramatic changes are likely to occur in Spain, which is becoming the Florida of the New Europe, preparing to accommodate its millions of retirees, and in Portugal which hopes to become the continent's California with high-tech industrial corridors and the most envied way of life Both economies are already growing as fast as Japan's, and Madrid's financial sector is being deregulated—a process inevitably tagged "El Big Bang "

Although foreign exchange controls are due to disappear in 1990 the toughest negotiations will involve creation of a common currency and a shared central bank It will be difficult and may prove impossible for political leaders to cede control over their monetary policies to some as yet vaguely defined central mechanism Certainly, Britain's Margaret Thatcher has left no doubt where she stands on the issue. "I neither want nor expect ever to see such a bank in my lifetime," she has pronounced. then added, in case anyone missed her point. "Nor if I'm twanging a harp, for a long time afterwards."

Despite these and other obstacles, the 1992 rush to unity has moved well beyond the point of no return. The current negotiations will resolve most of the structural problems that have burdened these history-laden territories for centuries. Out of that process will emerge a new trading map of the Atlantic basin, and, unless we hurry, Canada will not be part of it



WHAT IS THE DEFICIT?

WILSON IMPLIED THAT TAXES WILL CLIMB AND AXES WILL FALL IN A TOUGH CAMPAIGN

At the age of 16 Ruby Walsh quit school and took a job sewing burlap bags in a Nova Scotia sugar refinery to help support her family. Later, she married, raised two daughters and earned extra money selling Avon products and teaching dressmaking. Now approaching 70, a widow and a grandmother, Walsh lives in Dartmouth, N.S., on her monthly old-age pension cheques and the survivor benefits from her late husband's pension. But now, Walsh, who has been following the emotional debate over the federal budget deficit, says that she fears higher taxes and cuts in government services would make her life more difficult. Still, as a self-reliant individual who always paid the family bills on time, she acknowledged the government's dilemma. Said Walsh: "The money has to come from somewhere, and the pot's empty. I just worry about cutting pensions."



Wilson and Mulroney: softening up the public, aiming to reduce the debt

As he prepared to deliver his fifth annual budget on April 27, federal Finance Minister Michael Wilson faced the daunting task of balancing the concerns of millions of Canadians like Walsh against reams of advice, much of it highly contradictory, about how to manage the deficit—which was slightly less than $29 billion in a budget of $132 billion last year—and the $321-billion overall national debt. Among the voices arguing for a drastic cut in the deficit, Alfred Powis, chairman of Toronto-based Noranda Inc., described it as "a time bomb ticking away underneath us." On the other hand, Robert White, president of the 160,000-member Canadian Auto Workers union, was among influential Canadians who argued that the business community is deliberately "trying to create hysteria" about the size of the deficit in order to convince the government to cut social programs. But as budget week loomed, it was evident that the finance minister was intent on reducing the deficit. In a speech delivered on April 10 to a Toronto audience, Wilson declared ominously: "As we look to the future, we must face one problem squarely—the growing public debt and the exploding cost of paying interest on that debt."

Large: Even before Wilson announced his course, he was deluged with arguments and counterarguments. Fiscal conservatives within Prime Minister Brian Mulroney's government and the business community said that by consistently overspending—and increasing the nation's debt—the government is threatening Canada's well-being. They argued that the deficit encourages inflation and high interest rates and will undermine the country's ability to finance social programs. Even though governments have often run deficits since Confederation, they said the shortfalls in the past 15 years have been so large and the national debt has grown so fast that the federal government's largest single expenditure—$33 billion last year—is now interest on that debt.



The last printing of dollar bills: financing the national debt is costing more than social programs

Problem: On the other hand, some labor leaders and economists continue to maintain that the deficit is not a problem at all. Even among those who accepted that the deficit should be reduced, many said that the solution was not in drastic cuts in government programs. Instead, economists such as John Fryer, president of the National Union of Provincial Government Employees, argued that the government could impose higher taxes on large corporations and wealthy individuals and reduce unnecessary business subsidies. They also insisted that the Bank of Canada should abandon its policy of using high interest rates to combat inflation. Lower interest rates, they said, would cut the government's debt-servicing costs and stimulate the economy.

Wilson's Toronto speech climaxed a carefully orchestrated government campaign to prepare the Canadian public for what was widely expected to be one of the toughest budgets in Canadian history (page 48). Besides the April 3 speech from the throne and Wilson's own speeches, the finance department distributed a 38-page booklet, *Where Your Tax Dollars Go*—all of which appeared to set the stage for deep spending cuts and steep tax increases. Moreover, opposition politicians and many business leaders said that they suspected Wilson's department of leaking an internal report from the Washington-based International Monetary Fund that called for an immediate $9-billion reduction in Canada's federal deficit. Since Jan. 1, the anti-deficit campaign has had a boost from many business leaders who called almost daily in public speeches and briefs to the minister for massive government spending cuts. But labor organizations, social welfare groups, church leaders and many leading economists remained skeptical about Wilson's crusade to slash the deficit. Said White: "We do not have a crisis like the government and the business community are painting it."

Shortfall: At the heart of the issue is the annual budgetary deficit, which stood at slightly less than $29 billion in the federal fiscal year that ended on March 31. In order to make up that shortfall between spending and revenue, Ottawa borrows money by issuing Canada Savings Bonds, short-term treasury bills—which mature in 90 to 365 days—and long-term bonds, which mature in two to 25 years. Each year that the government operates with a budget deficit, the national debt goes up, and so do the interest charges that must be paid. Both Liberal and Conservative governments have run periodic annual deficits ever since Confederation. But many observers say that the federal government's current financial predicament is unprecedented. William Mackness, dean of the University of Manitoba's faculty of management, said that between 1945 and 1975 the average annual deficit was zero because minor government shortfalls were offset by subsequent surpluses. But since 1969-1970, when Pierre Trudeau's Liberals had a $332-million surplus, there have been 19 consecutive deficits, reaching a high with the $38-billion shortfall in 1984-1985. The provinces had a combined deficit of $5.7 billion in 1988, down from $10.8 billion in 1987.

Concerned: And judging from public opinion polls, it appears that the average voter is becoming more concerned over the deficit. Surveys by Winnipeg-based Angus Reid Associates Inc. during last fall's election campaign, in January and again in March, showed that the numbers of respondents rating the deficit as the government's most pressing issue rose from four per cent to 10 per cent and then to 18 per cent. In the March poll, the deficit ranked second only to the environment, which 28 per cent of respondents rated as the top issue. Said Reid: "The Tories have been successful in softening the populace."

Meanwhile, both the Liberals and the New Democrats appeared to be convinced that the deficit and national debt must continue to be held in check (the deficit has in fact declined steadily in the past five years). One major disagreement was over how deep the cuts should be. NDP finance critic Lorne Nystrom said that his party favors lower interest rates, job creation in economically depressed regions, a minimum corporate tax of 20 per cent and abolition of "unproductive" subsidies to business.

Prior to budget day, the Liberals did not seriously challenge the Tories' deficit-cutting drive, partly because they had few policy alternatives of their own and partly because of the need to create the impression that they would be financially responsible if returned to office. Said Liberal party chief financial officer Mi-



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Canada

NOT EVERYONE BELIEVES THAT DEFICITS ARE A MENACE

chael Robinson "It would be foolhardy for the party to suggest that attempts to deal with the deficit are unnecessary" And Robinson said that because Canadians want the deficit brought under control the Liberals would have to choose their targets carefully in their response to the budget "If we are going to attack the government we have to use a rifle rather than a shotgun," he said And there may, indeed, be plenty of targets for the opposition on April 27 On April 11 the Tories gave the country an example of the potential program cuts that loom when Employment and Immigration Minister Barbara McDougall announced sweeping proposals to change Canada's $13-billion unemployment insurance program—including $1 3 billion in cuts And in an ironic underscoring of the shrinking value of money the Royal Canadian Mint stopped printing $1 bills last week as part of Canada's changeover to the so-called loonie dollar coin

Charges: Still many economists say that the government is simply overreacting to the current high interest rates that are increasing the cost of financing debt payments Carl Beigie, chief economist with the Toronto-based brokerage firm McLean McCarthy Ltd , said that Ottawa's debt servicing charges have risen with the Bank of Canada rate, and as the bank rate inevitably falls so will interest charges on the national debt And Michael McCracken, president of the prominent Ottawa-based economic consulting firm Informetrica Ltd., concurred "Much of the present crisis has to do with the fact that higher interest rates mean that they are going to shift their 1989 deficit forecast by great gobs," he said

McCracken, along with some prominent labor leaders also criticized the government's recent policy of combating the threat of inflation with higher interest rates. Instead, he said the government should create jobs by stimulating the economy thereby creating more wealth and, subsequently, tax revenues McCracken said that a three- to four-per-cent cut in the Bank of Canada interest rate would reduce the government's debt-servicing burden by $15 billion over the next two years Jeffrey Rose, president of the Canadian Union of Public Employees (CUPE), representing 355,000 government workers, said that the Canadian economy can tolerate an extra one-per-cent inflation, provided that the government increases its spending on job creation Said Rose "The deficit is a tool If used properly, it can help a country grow"

Despite the rise in interest rates over the past year some liberal-minded economists have argued that the Tories should stick to their long-term deficit-reduction program, which since its introduction in 1984, has proved effective University of Toronto economist Frank Longo pointed out that, by the end of 1987, the deficit had fallen to 5 3 per cent of gross domestic product (GDP) from 8 9 per cent in 1984 Said Longo "There is no cause for panic"

Had the Tories opted for a moderate deficit-reduction approach similar to their first term, they could maintain social programs and still balance the budget by the turn of the century, said Peter Dungan, associate director of the policy and economic analysis program at the University of Toronto In January, he released a report that showed that the government's current financial plan would produce a budget surplus early in the next century Dungan's analysis assumes that the economy will grow annually throughout the next decade

In fact, Canada's national debt as a percentage of the country's total output has previously been higher than the current 54 per cent—and has fallen without the aid of drastic government action Longo noted that the debt stood at 66 per cent of GDP in 1937 then fell to 48 per cent five years later before soaring to 107 per cent of GDP by 1947 Similarly, the problems associated with debt-servicing charges are being overstated, said Ruben Bellan, an economist at the University of Manitoba Bellan argues that almost all of the government debt is owed to Canadian institutions and individuals He added that as long as the government does not resort to foreign borrowing to finance the majority of its operations the debt charges do not impose a significant burden on the economy (page 50) Said Bellan "The government is taking money from people as taxpayers and giving it back to them as bond-holders"

Tough: But in his April 10 speech to the Retail Council of Canada, Wilson said that the government has to take a tough stand because interest rates have risen almost four per cent since early 1988 Even Bank of Canada governor John Crow ventured into the debate when releasing the bank's annual report on April 14 Crow said that lowering the deficit would ease some of the pressures that lead to inflation and higher interest rates

Many economists say that if the central bank rate remains at its current 12 61 per cent, the 1989-1990 federal deficit could rise to $33 billion from the projected $29-billion shortfall in the fiscal year that ended on March 31, largely because of higher interest charges on borrowing They also say that, after seven consecutive years of economic growth, a downturn is inevitable, which would increase both the demand for government services and the deficit Said Warren Jestin, chief economist with the Bank of Nova Scotia "Even with a tough budget, we are not much better off than a year ago"

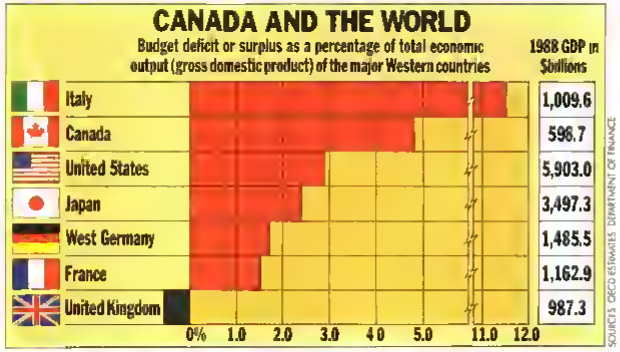
Changes in the economic climate mean the government cannot stick to its earlier deficit-reduction schedules, as some liberal economists have argued, Jestin said. He noted that the Canadian economy is expected to grow by only three per cent this year, compared with 4 5 per cent in 1988 Lower growth will cut government tax revenues, he said, while a higher rate of inflation will automatically increase social benefits to individuals because of indexing Maureen Farrow, president of the Toronto-based C D Howe Institute, said that the forecasts of a steady decrease in the deficit through the 1990s do not account for possible recessions or economic upheavals

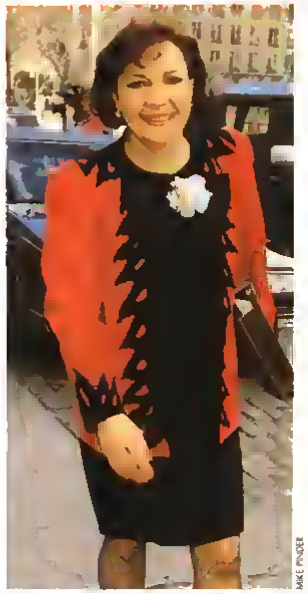
Critics of the deficit also maintain that the government cannot simply order the Bank of Canada to cut interest rates, as CUPE president Rose advocates, without triggering a huge exodus of money from the country. Furthermore, they argue that government deficits have contributed to persistently high interest rates in Canada. And Edward Carmichael, senior economist at the Toronto-based brokerage firm Burns Fry Ltd , pointed out that the interest rate on treasury bills in Canada is currently three per cent higher than the rate on U S treasury bills He added that Canada's budget deficit, as opposed to inflation or unemployment, is the major cause of the interest rate spread between the two countries Inflation is running at close to the same rate in Canada and the United States, he noted, while Canada's unemployment rate is 7 5 per cent compared with the U S rate of five per cent.

Smaller: Investment portfolio managers, who regularly buy federal, provincial and corporate bonds, maintain that there is an even more direct link between federal deficits and high interest rates Donald Walcot, president of Toronto-based Sun Life Investment Co , said thet 15 years ago, when Ottawa was a much smaller borrower, government of Canada bonds and treasury bills attracted investors even though they normally offered one per cent less interest than provincial or corporate securities Since then the size and frequency of federal issues have grown with the deficit, and Ottawa has had to offer higher interest rates in order to keep attracting buyers

Critics of the deficit are also alarmed at the growth of the national debt—the total accumulation of annual surpluses and deficits since Confederation—and the country's rising interest burden. On March 31, at the end of the government's 1988 1989 fiscal year, the debt stood at $321 billion, or 54 per cent of the country's GDP, compared with 26 per cent at the start of the decade Interest payments on the national debt were $33 billion last year the largest single item in the federal budget The other major expenditures in descending order $30 billion for pensions for the elderly, unemployment insurance benefits, family allowances and veterans' pensions, $24 3 billion for transfer payments to the provinces for health education and equalization programs, and $16 2 billion for government operations. Said Allan Taylor, chairman and chief executive officer of the Royal Bank of Canada "If we do nothing, we will be spending ourselves into an insurmountable burden of debt."

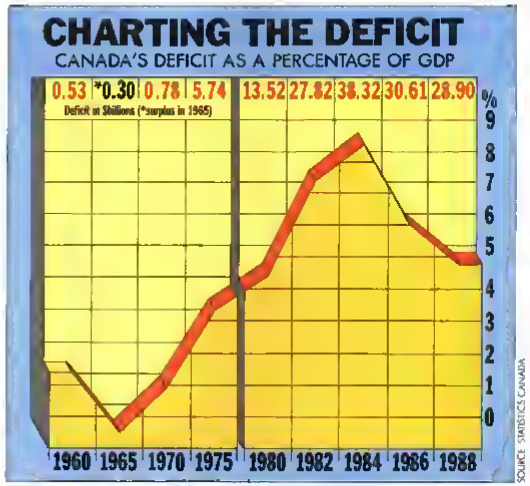
Owes: Opponents of the deficit also dispute the argument that the national debt poses no problems to the economy because the gov-





MIKE PINDER

McDougall: making hard decisions



PLAYING THE NUMBERS GAME

Economists, politicians and commentators use the terms "deficit" and "national debt" freely, as if they have widely understood, specific meanings. But, in fact, both terms have various definitions, and using different methods to calculate debt and deficits can produce differing results.

The most widely quoted definition of the deficit is based on the public accounts and is the difference between the amount of money the federal government spends and the amount of revenue it raises In 1988-1989, that amounted to $28 9 billion But in the national accounts, which are calculated over the calendar year, the deficit was $20 4 billion for 1988 because they include as revenue the $8 1-billion surplus that Ottawa's civil service pension plan and other items generated last year.

Various ways of calculating can also yield different totals for the national debt. The total gross public debt—the total amount that the government owes to its suppliers and lenders who have purchased government bonds and treasury bills—reached $334 billion at the end of March, 1989. But when commentators talk about the national debt, they usually refer to the net national debt, a smaller figure It is reached by subtracting from the gross public debt the value of the government's financial assets, such as its shares in Crown corporations like Petro-Canada The net national debt, which takes into account those assets, is equivalent to the total accumulation of annual surpluses and deficits since Confederation At the end of last month, it reached $321 billion, up from $292 billion in March, 1988.

But even the net national debt does not incorporate the full value of the government's assets The government values all of its fixed physical assets—including huge tracts of land and large office buildings—at a total of $1, based on the assumption that market value of many of them—such as national parks—is incalculable But a 1985 study by the auditor general estimated the value of those fixed assets at $47 billion.

And depending on the measurements being used, the size of deficit can vary when it is expressed as a percentage of the overall economy The gross domestic product (GDP) is the value of all goods and services produced within a country in a year Last year's $28.9-billion federal deficit was the equivalent of 4 8 per cent of Canada's GDP of $598 7 billion But it was almost five per cent of the gross national product of $580 3 billion — a measurement that adds money made by Canadians abroad and deducts the larger amount of money that Canadians pay in dividends and interest to foreigners GDP is now the measurement used by almost all industrial nations, with the notable exception of the United States.

JOHN DALY

THREATS OF DEEP CUTBACKS ARE ANGERING MANY GROUPS

ernment merely owes the money to Canadians "It is one way to redistribute income, but it is a poor one," said the Bank of Nova Scotia's Jestin. Although many Canadians buy Canada Savings Bonds, most do not purchase the long-term bonds and treasury bills used to finance two-thirds or more of the government's annual deficit. They are primarily purchased by large financial institutions and wealthy individuals. As a result, most of the interest that Ottawa pays goes to those relatively well-off sources. Brokerage houses and trust companies frequently sell treasury bills to individuals in minimum allotments of $15,000. Said David Wilkes, vice-chairman of the Toronto-based brokerage firm Moss Lawson & Co Ltd: "It's not rare at all to have a guy with $100,000 in treasury bills. Not rare at all."

Many economists trace the current deficit situation to a decision made by the Trudeau Liberals in the 1974-1975 fiscal year, when current Liberal Leader John Turner was finance minister. U of T economist Richard Bird, author of the 1970 book *The Growth of Government Spending in Canada*, said that at that time the Liberals made a mistake when they indexed personal tax rates and the basic personal tax exemption to the rate of inflation. That meant that a person's salary could increase by as much as the annual rate of inflation without being subject to a higher rate of taxation. At the same time, the basic personal exemption—the amount of earnings on which no taxes are paid—rose annually with inflation.



Crow: trying to defeat inflation with high interest rates

Decades: As a result, tax revenues did not keep pace with increases in government spending. When the indexing policy began, the government deficit was $2 billion. Ten years later, the deficit had skyrocketed to $38 billion. Bird argues that the resulting deficits have been fundamentally different from those of previous decades. Prior to indexing, government revenues rose or fell depending on the health of the economy. The result was a cyclical deficit or surplus. Indexing produced what economists call structural deficits, because the government's revenues were less sensitive to changes in the economy. The Tories have eliminated indexing of the basic exemption and partially deindexed the personal tax rates to correct the problems, said Bird. But for 10 years, federal spending grew much more quickly than revenues.

The advocates of lower deficits have been calling for a double-barrelled approach that includes spending cuts and higher taxes. And in fact, government figures show that federal benefits paid to individuals fell to 5.2 per cent of GDP in 1986-1987 from a postwar high of 6.1 per cent in 1982-1983. Similarly, federal transfer payments to the provinces have dropped since hitting a record 4.3 per cent of GDP in 1984-1985. Said Valerie Sims, acting executive director of the Canadian Council on Social Development: "The notion that spending on social programs is excessive is not acceptable."

But even among those who favor a sharp reduction in the deficit, there is a growing recognition that the government's options are limited. In the fiscal year that ended on March 31, Ottawa spent about $100 billion on programs and $33 billion on debt charges. But more than half of the program spending—a total of $54 billion—went to individuals and to the provinces through various transfer payment arrangements, which can only be changed by amendments to federal legislation. For their part, many labor leaders and economists say that the best place to look for cuts is in the government's subsidies to individual companies and industries, which total about $5 billion annually.

But regardless of which programs it attempts to cut or eliminate, the government risks a political backlash. The Mulroney government created a furor in May, 1985, by attempting to deindex old-age pensions, then had to back down within two months. Similarly, the Tories backed away from cuts to the Canadian Wildlife Service in December, 1984, including cancellation of a study of Great Lake herring gull eggs to monitor pollution. As well, tax increases can be political dynamite. Indeed, John Crosbie's proposed gasoline tax of 18 cents a gallon in the 1979 budget led to the defeat of Joe Clark's minority government.

Prior to budget week, labor leaders contended that the government should increase its revenues through corporate rather than personal income taxes. John Fryer, president of the National Union of Provincial Employees, said that the government could virtually eliminate its deficit by abolishing a provision that allows corporations to apply previous losses against current profits to avoid paying taxes. Fryer also argued that the Tories have lowered the business sector's tax burden by $7 billion annually since taking office by reducing corporate tax rates and maintaining tax incentives.

Dangers: Still, amid the conflicting views over how to cut deficits, a number of experts in both Canada and the United States are challenging the conventional assumptions about the dangers of accumulating debt. Said Edward Yardeni, chief economist at Prudential-Bache Securities Inc. in New York City: "Debt fear occurs in spasms. If a government wants to raise taxes, make cutbacks on transfer payments, or deny funding, the deficit can be used as a convenient excuse." Roger Hickey, vice-president of the Economic Policy Institute, a liberal Washington-based think-tank, said that deficits stimulate economic growth. Said Hickey: "Without the kind of government spending we have had in the 1980s, we would be in a recession."

For federal Finance Minister Wilson and the officials in his department, there were no risk-free or simple solutions as they prepared the April 27 budget. Despite growing concern over the deficit, an austerity budget of spending cuts and higher taxes could create a huge political backlash against the government. Once the budget is delivered, the size of that political backlash will be determined by voters such as Dartmouth pensioner Ruby Walsh.

D'ARCY JENISH *with SHONA McKAY in Toronto and ROSS LAVER and BRUCE WALLACE in Ottawa*



THE HOT SPOT ON THE HILL

WILSON'S FIFTH BUDGET IS A CRUSADE

Finance Minister Michael Wilson recalls it as a moment of epiphany. In 1977, Wilson, then a high-flying executive with a Toronto securities firm, was in a Hong Kong office tower trying to convince a local businessman of the wisdom of investing in Canada. The businessman pointed out of his window to the squalor of the sprawling great Asian centre of commerce some 50 storeys below. He told Wilson that Hong Kong was the most congested state on earth, that it produced little food, but its people thrived by dint of their hard work and sharp wits. In Canada, the businessman went on, the people have everything: land, food, good schools, natural resources. Then he asked Wilson, "How can you be messing it up as badly as you are?" Wilson recalls now that the businessman's question "stopped me cold." Then and there, Wilson said, he decided to enter federal politics.

Crusade: Twelve years later, Wilson's name has become synonymous with the government's battle to lower its debt. He holds what is widely regarded as the most difficult political post in the country, but he appears to revel in it. At times, his struggle with the nation's nagging deficit seems to verge on a personal crusade. Recently, he has repeatedly referred to the taming of the deficit as the government's "overarching problem." But it is not a newfound concern. Toronto consultant Douglas Robson, a close friend of Wilson's and manager of several of his election campaigns, recalls that in 1978 Wilson showed him a graph illustrating the mounting federal debt—then $60 billion, compared with $321 billion now—and warned that it must be brought under control. And during Wilson's 4½ years as finance minister, the federal deficit has in fact dropped substantially—from a high of $38 billion in the 1984 budget, the last year of Liberal rule—to less than $29 billion in 1988-1989. Now, with the apparent support of Prime Minister Mulroney and his cabinet, Wilson has been making the final preparations for yet another leap forward in the battle against the deficit when he tables his fifth budget on April 27.

Friends and foes alike say that Wilson is a fundamentally decent, intelligent—if uninspired—and enormously hardworking politician, a man who gave up a lucrative financial career for public life out of a genuine belief that he could make Canada a better place. A minister's salary of $124,900—of which $19,900 is tax-free—still looks good to many Canadians. But some of Wilson's Bay Street colleagues estimate that he would be $20 million richer by now if he had not gone into politics. And even his political foes acknowledge his sincerity. Said Havi Echenberg, executive director of the National Anti-Poverty Organization in Ottawa: "The finance minister and I agree on almost nothing, but I respect him. He has a lot of integrity." But as Wilson goes about reshaping the government's finances, Echenberg and others remain troubled by one aspect of his background: Wilson has little in common with the average Canadian.

Elite: Wilson has led a privileged existence since his birth on Nov. 4, 1937. The son of Harry Holcombe Wilson, who went on to become the head of National Trust, Wilson was mostly raised in Toronto's Rosedale neighborhood, the enclave of old and wealthy families, at a time when it was the preserve of the city's Anglo-Saxon establishment. He went off to school alongside other sons of the elite at Upper Canada College, modelled on England's private schools, then went on to the University of Toronto's Trinity College. After graduating with a commerce degree in 1959, Wilson served apprenticeships with respected broker-



Wilson: a decent, intelligent, hard-working man who left a lucrative career for public life

age and banking houses in London and New York before returning to Toronto. By age 35, he was executive vice-president and part-owner of Dominion Securities. Six years later, in the 1979 general election, he ran successfully for the Tories in Etobicoke Centre, a well-to-do suburb west of Toronto, and sold his interest in Dominion Securities. He has been in the House of Commons ever since.

Exposure: Occasionally, Wilson's comments have hinted at a background radically different from most Canadians. While courting support for his unsuccessful run at the Conservative leadership in 1983—Wilson placed a distant fourth on the first ballot—he told Alberta delegates that it was his dealings on the Toronto Stock Exchange that "taught me about life." One of Wilson's aides, Richard Rémillard, said the minister once told him that he genuinely liked his exposure to door-to-door campaigning in Etobicoke because "for the first time he realized that there was a whole different world out there: different ethnic groups and different kinds of people." For her part, Echenberg recalls her astonishment during one meeting with Wilson when he began musing about whether new changes to income tax rates would encourage or discourage welfare recipients from taking jobs. Said Echenberg: "I told him that people on welfare don't generally talk to their accountants about marginal tax rates before taking a job."

But Echenberg said that Wilson has made his own philosophy clear: "He genuinely believes that the less restrained the marketplace, the more benefits will accrue to all of us, including the poor." And Wilson carries those convictions to the finance department with awesome energy. Veteran Tory organizer Harry Near says that Wilson is the hardest-working minister in cabinet. One senior Finance official said that he is "the ideal minister"—knowledgeable of the issues, and supportive of staff, even though he drives them to the brink of exhaustion. Wilson favors lengthy meetings to build consensus on policy. In effect, he makes himself part of a team. Said the Finance official: "He has less ego than any minister I have seen." Added an aide to another senior minister: "Wilson's meetings are interminable...but he and his people seem to love it. It would drive me crazy."

Wilson's passion—aside from work—is sport. He is a passable hockey goaltender and a strong skier who has sampled the slopes from the Austrian Alps to the helicopter skiing of British Columbia's legendary Bugaboos. Between Christmas and New Year's, he, his wife Margaret, and one of their three children had a skiing holiday at Mont Tremblant, Que. Wilson is also a jogger and a passionate golfer noted for his strong tee shots. But his favorite activity is squash—Wilson is reputed to be the best player on Parliament Hill. And at six feet, two inches and 200 lb., he is a formidable opponent. Said Near: "Let's put it this way—he does establish position at the centre of the court." Rémillard said that Wilson tries to play once or twice a week, in the mornings before work. A favorite partner: Supreme Court Justice John Sopinka, 56, a former professional football player.

Lobbies: But there was no time for squash last week in the budget run-up. Wilson learned the necessity for meticulous budget planning in 1985, in the aftermath of his first budget. Senior citizens stormed onto Parliament Hill after Wilson proposed deindexing their pensions, and the government was forced to back down. Since then Wilson has consulted routinely with interest groups ranging from blue-chip business lobbies to Echenberg's anti-poverty organization. Since 1985, three successive budgets and wide-ranging tax reform proposals have encountered no overwhelming public relations hitches. But his current task could be the most challenging of his career. If the dire predictions proved accurate, Wilson first would have to persuade Canadians that the hefty tax increases and cuts in service are in their best interests. Then, by early summer, Wilson is expected to table his proposals for a controversial national sales tax—probably of eight or nine per cent—that would apply to all goods and services except food and pharmaceuticals.

Yelling: Wilson's Conservative colleagues in Ottawa said that the minister has the full support of Mulroney and his cabinet. For her part, former MP Patricia Carney, who as Treasury Board president was a cabinet colleague of Wilson's before she left politics last year, said that he always worked carefully to build that support. And Wilson fights hard for what he wants, she added. Said Carney: "Wilson is not as meek and mild as his public persona." Added consultant Robson, with a smile: "No serious discussion with Mike is complete without a little yelling and pounding on the table."

Still, Robson said that Wilson wisely avoided battles around the cabinet table that he could not win—and he was especially aware of the need to let the government spend in tha run-up to the election last November. Said Robson: "From Day 1 of his being finance minister, he would chuckle and say, 'When we get to 1988, we will have to loosen the purse strings a little.'" Last week Wilson was putting the finishing touches on a plan to rein in the spenders.

MARC CLARK *in Ottawa*

MINISTER WITH A MISSION

As the April 27 date for Michael Wilson's fifth budget presentation approached, the finance minister talked with Maclean's Ottawa staff correspondent Marc Clark in an interview last week. Wilson spoke about the need to lower the debt.

Maclean's: *Are you concerned that, at a time when the economy is slowing down, you could push the country toward a recession by taking money out of the system?*

Wilson: I don't see that we are into a recession. The signs in the economy are for some slowing. We expected that. Yet the economy is moving along pretty well. The budget should not have the effect of moving things into a recession. The debt problem is a serious one. We must deal with it, and it is important that people understand that, if we do not act on this, we are going to find that our fiscal situation becomes difficult.

Maclean's: *Is the situation critical enough that it would be worth running the risk of a recession?*

Wilson: Interest costs of the debt have gone from about 12 cents of every revenue dollar 20 years ago to 26 cents in 1986 to 31 cents last year. This year, they are going to be even higher. And that is in the face of the work that we have already done in getting the deficit down. There is a momentum that develops when the debt is growing as it has. And the only way that you can stop the growth in the debt is by getting the annual deficit down. This is what we must do, and this budget is a very important one in moving that process along.

Maclean's: *So this is essential regardless of other economic conditions?*

Wilson: It is an overarching problem. It is the nature of the political process that there are requests, pressures to do this expenditure program or that tax break, and governments have been inclined to acquiesce and provide this new program or that new tax break. Canadians have to understand that we cannot continue to do this, even though we may like to be popular.

Maclean's: *But are you afraid that the public will tire of deficit-cutting and that the government will lose support if it is a long-term battle?*

Wilson: Public interest in cutting the deficit is increasing, not decreasing. I think people understand the problem, and we will be doing what we can to increase that understanding. We can deal with this problem and we can have healthy economic growth. We can have a reduction in the unemployment rate while this is happening.

Maclean's: *Did the government lose some ground in 1987 and 1988?*

Wilson: I'm not going to say we did or we didn't. This debt problem has taken a long time developing. We haven't seen a surplus for 20 years now, and the actions of one year or another year are a part of that overall debt. □



Day care centre in Toronto: the government's interest payments may mean less money for important social programs

THE GROWING DEBT

A MONEY MARKET SUPPLIES OTTAWA'S COFFERS

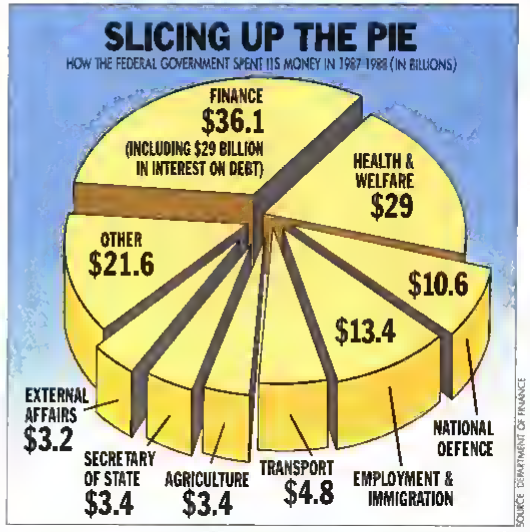
With his greying hair, wire-rimmed glasses and dark blue suit federal Finance Minister Michael Wilson was a model of prudence and propriety as he addressed the annual convention of the Retail Council of Canada on April 10. But Wilson left a disturbing message about the state of Canada's finances with the several hundred delegates who packed a convention hall in downtown Toronto to hear him. In the hour that had elapsed since the delegates arrived he said, the national debt had risen by $3 million. By dinnertime that day, the debt would have increased by another $26 million, he said. By the following morning, Canada would be a further $80 million in debt. Wilson, who has overseen financial programs that added $122 billion to the national debt since 1984, warned: "We cannot dismiss the debt as tomorrow's problem. Ignoring the problem today would only make it worse tomorrow."

Conservative-minded economists and money managers applauded Wilson's dire warning. They contend that Ottawa has already fundamentally altered Canada's capital markets with a deluge of long-term bonds and short-term treasury bills to finance its deficits. They say that the increasing size and frequency of the issues have driven up interest rates, squeezed out provincial and corporate borrowers and contributed to the country's rising level of foreign indebtedness. But many labor leaders and liberal economists contend that there is no statistical evidence to link government borrowing with higher interest rates. They also maintain that the national debt does not impose an economic burden on the country because most of the money is owed to Canadians.

Threat: The national debt, the total accumulation of annual surpluses and deficits since Confederation, was $321 billion in the fiscal year that ended on March 31. The Tories inherited a debt of $199 billion when they took office in September, 1984. Its growth and the resulting increase in annual interest payments on it, now pose a major threat to government social programs and services, Wilson said. Even John Kenneth Galbraith, the noted Canadian-born, Harvard University-based liberal economist, now contends that Canada must reduce its federal deficit. In an interview with *Maclean's*, Galbraith said, "It is better to pay higher taxes than to have the high interest rates associated with a large deficit."

Still, while all three federal political parties and many business leaders are unanimous in denouncing the size of the deficit, most labor leaders and many economists disagree with the arguments that the deficits have driven up interest rates, distorted the country's capital markets and crowded out private borrowers. They contend that the pool of savings in Canada is large enough to meet the financial needs of the federal government, provincial governments and private companies. Such critics also maintain that the federal debt is not an economic burden on the country because most of the money is owed to Canadians and their institutions. Said University of Manitoba economist Ruben Bellan: "So long as the federal government finances its deficits by borrowing in Canada, no burden is assumed."

The national debt has skyrocketed because governments have spent substantially more money than they have raised in every year since 1970. As the debt has grown, annual interest payments have ballooned. In the year ended March 31, the federal government spent $33 billion servicing the debt, which is equivalent to 31 cents out of every tax dollar collected. By comparison, Ottawa spent only $7 billion or 19 cents per tax dollar of revenue servicing its debt 10 years ago. The $33 billion spent last year on debt servicing—all of it borrowed money—was the federal government's biggest single expenditure. It was double the amount paid out in benefits to Canada's elderly, 20 times higher than spending on job training and creation, and 24 times higher than all regional development spending. Said Wilson: "You don't have to be a financial whiz to know that when you have to borrow to pay interest to the bank, something is wrong."



Value: The government bonds and treasury bills that Ottawa has issued to pay its debt charges are now largely held by institutions and individuals across the country. But in the past five years, the value of bonds and treasury bills purchased by foreigners has doubled to reach $45 billion. Every Thursday, the government issues $4.5 billion to $5 billion worth of three-month, six-month and one-year treasury bills, commonly called T-bills. Most of the income from their sale is used to pay off lenders whose bills are maturing. But about $500 million usually goes to the government to finance day-to-day operations, and that portion of the weekly borrowing is added to the national debt. Once a month, Ottawa also issues between $500 million and $1 billion worth of long-term bonds. Normally, half the money is used to pay off the holders of maturing bonds and the rest is used to help finance government operations and becomes debt.



Galbraith: increased taxes

Canada Savings Bonds (CSBs), which are sold to individuals every November, are also used to finance the deficit. The government usually counts on raising $10 billion to $15 billion through the sale of CSBs. But since the beginning of this year, rising interest rates have triggered a stampede out of CSBs and into T-bills and other interest-bearing securities. Canadians have redeemed about $8 billion worth of CSBs, even though, effective March 1, the government raised the interest rate to 10.5 per cent for a four-month period from the initial 9.5 per cent offered last November. Treasury bills, by comparison, are now paying 12.62 per cent.

The popularity of T-bills among individual investors mushroomed early in the decade because they were safe, short-term and offered attactive rates, said David Wilkes, vice-chairman of the Toronto-based brokerage firm Moss Lawson & Co. Ltd.

With larger and more frequent issues of treasury bills and long-term bonds, the government has had to offer premium interest rates in order to keep attracting buyers, according to Bank of Canada officials and investment fund managers. They concede that it is impossible to demonstrate statistically that government borrowing has led to higher rates. But one central bank official, who insisted on anonymity, said: "There has to be an impact. There is no question that less government borrowing would have a favorable impact on interest rates." Donald Walcot, president of Toronto-based Sun Life Investment Management Co., said that the interest rate spread between federal bonds and those issued by provincial utilities and private corporations has narrowed over the years as Ottawa's borrowing requirements have grown. That narrowing is due to the premiums that Ottawa now offers to sell its bond issues.

The same principles apply to short-term corporate securities, said Paul Matthews, vice-president and treasurer of Toronto-based Stelco Inc. He noted that in April, 1987, the rate on three-month T-bills was 6.95 per cent while the rate on three-month corporate securities was 7.10 per cent. By March, 1989, the rates for the same securities had jumped to 11.87 per cent and 12.15 per cent respectively. Said Matthews: "Our rates are always going to be higher than the government rates. As their rates creep up, our rates creep up and it reduces our profits."

Heavy: And many economists argue that heavy borrowing by the federal government has crowded out private borrowers and forced them to go abroad for funds. Erik Nilsson, senior economist with the Toronto-based Bank of Nova Scotia, said that Canadian foreign indebtedness had reached $220 billion at the end of 1988, compared with $63 billion a decade earlier. Nilsson estimates that $150 billion of the current foreign debt consists of long-term bonds issued by federal, provincial and municipal governments. Crown corporations, provincial utilities and private companies. Another $45 billion is in T-bills purchased by foreign investors, and $20 billion is in miscellaneous loans to governments and private companies.

Hard: Despite the size of Ottawa's current debt load, many business executives and economists predict that the federal government will remain the country's largest borrower for years. Matthews said that Ottawa is borrowing to finance consumption of government services rather than to build hard assets, such as highways, harbors and airports, that can be used by future taxpayers. In the past fiscal year, capital spending on lasting assets accounted for 1.2 per cent of the federal budget, while debt interest payments consumed 25 per cent. Payments to individuals under various social programs took 22 per cent, while transfers to the provinces for health, education and equalization payments took 18 per cent. Sun Life's Walcot predicted that government would continue to absorb money that could be available to the private sector to upgrade plants and equipment. If that is the case, he argued, the net result could be a less competitive economy.

D'ARCY JENISH *with* SHONA McKAY *in Toronto and* ROSS LAVER *in Ottawa*



Thatcher visiting a British hospital: opposition charges of neglect

BRITAIN DEALS WITH A SURPLUS

PAYING OFF THE DEBT HAS ITS COSTS

When Britain's chancellor of the exchequer, Nigel Lawson, delivered his sixth budget last month, he did so amid rising concern about his country's economy. With inflation running at almost eight per cent and an international trade deficit running at $36.5 billion annually, experts expressed fears that Britain's celebrated economic revival was in danger of stalling. But despite those problems, Lawson was able to make an announcement that by Canadian standards would be little less than revolutionary. Instead of running a deficit, he told the Commons the British government had recorded a budget surplus of $30.2 billion in 1988-1989—and would pile up another surplus of the same size in its $393.5-billion budget for 1989-1990. Said Lawson: "Nothing like this has ever been achieved in the past 40 years."

Britain's performance was in sharp contrast to that of other major industrial countries, including both Canada and the United States, which have large deficits despite several years of rapid economic growth. Britain has succeeded not only in eliminating its annual deficit but in actually starting to pay off its national debt. That performance has not won universal acclaim, however. Financial markets in Britain have given only a cautious welcome to the government's new balance sheet—and most economists say that the budget surplus is less impressive when other factors such as the sale of state-owned companies, are taken into account. At the same time, some of the government's critics claim that it is destructive to have a surplus when the government should be investing more in public services.

Power: When Prime Minister Margaret Thatcher's Conservatives took power in May, 1979, the deficit (measured in Britain as the Public Sector Borrowing Requirement [PSBR]) stood at $22.9 billion—equivalent to 5.25 per cent of the country's gross domestic product (GDP) at that time. Since the early 1980s the Tories made cutting—and eventually eliminating—the PSBR their top budget priority. They squeezed government spending hard and laid off thousands of civil servants. Then, after the deep recession of the early 1980s, the economy expanded rapidly, government revenues soared and Lawson was able to reverse years of deficit spending. As a result, the surplus marked the first time since the government earned a small surplus in 1969 that the country's overall debt—now $318.5 billion—could be reduced. At the current rate of repayment, it could be eliminated by the end of the century—which, based on current trends, would make Britain unique among major Western industrialized nations.

Surplus: Still, some British economists maintain that Lawson's announcement of a budget surplus does not accurately reflect Britain's financial situation. They note that the chancellor himself acknowledged in his budget speech that $15 billion—almost half of the surplus—represented the proceeds of privatizing publicly owned companies such as British Airways and British Gas. And some experts in public finance say that Lawson did not make clear that other sales of government assets—especially public housing and land—had also contributed to the surplus. Cambridge University economist Wynne Godley, a critic of Lawson's policies, estimated that those sales raised $6.5 billion. He said that the government also saved $10.7 billion that it would have invested in the privatized companies had they remained in government hands. If all that money were excluded from last year's budget, he said, Britain would be running a deficit of about $2 billion. As a result, Godley says that Lawson's claims of a surplus "are misleading."

The government's political opponents have attacked Lawson on another front as well, claiming that he has accumulated a budget surplus only by letting Britain's public services and economic infrastructure deteriorate. They point out that public investment has fallen from about six per cent of GDP two decades ago to less than two per cent now. Labour Party leader Neil Kinnock compared him to a homeowner who insists on repaying his mortgage while the roof of his house is leaking.

Similar warnings have been sounded within Thatcher's own party. John Biffen, a Tory MP and former cabinet minister, said that the Conservatives risk losing the next election unless they embrace what he called "the Tory tradition of social spending." Even one member of Thatcher's cabinet, Secretary of State for Wales Peter Walker, issued a thinly veiled criticism of Lawson's policies in mid-April by urging more public spending and investment. And in London's financial community, many budget analysts were unimpressed by Lawson's surplus. Said Paul Davis, an economist at stockbrokers USB-Phillips & Drew: "There's absolutely no reason to think that because you are operating large surpluses you can do wonderful things with the economy." For Thatcher, the lesson may be that eliminating deficits is no guarantee of political success.

ANDREW PHILLIPS *in London*

LEGISLATING DEFICIT CUTS

BUSH BATTLES TO MEET THE LAW

In a moment of candor last November, even former U.S. president Ronald Reagan had to admit that he had had little luck in achieving his aim of eliminating the United States' federal budget deficit during his eight years in office. When Reagan became president in 1981, he faced an annual budget deficit of $95 billion and a total national debt of $1.1 trillion. But when George Bush took over the presidency last January, he inherited an annual deficit that had doubled since Reagan's inauguration and a national debt that had ballooned to $3.2 trillion. Since then, the new president has steadfastly declared that no new taxes would be necessary to meet the requirements of the so-called Gramm-Rudman act—Congress's schedule for slashing the deficit to $76 billion by 1991. But some economists are now expressing growing doubts that Bush will be able to keep that bold promise.

Cuts: The U.S. Congress has enshrined the concept of a balanced budget in legislation through a 1985 law named after Republican senators Philip Gramm of Texas and Warren Rudman of New Hampshire. It calls for annual mandatory cuts until the budget is finally balanced in 1993. Currently, even without drastic cuts, the U.S. deficit—like the Canadian one—has in fact been shrinking. In 1983, when it stood at $256 billion, the American deficit amounted to 6.3 per cent of gross national product (GNP). But now, as a result of the growth of the U.S. economy in the same period, it represents only 3.2 per cent of GNP. By comparison, Canada's deficit is 4.8 per cent of gross domestic product (GDP), down from eight per cent in 1983.

Still, some analysts say that Congress and the Bush administration are not likely to reach the Gramm-Rudman targets. The budget resolution that Congress passed last spring called for a 1989 federal deficit of $167 billion—meeting the Gramm-Rudman target. But as of last week, the government was predicting that for the 1989 fiscal year, which ends on Sept. 30, the deficit will in fact be $201.6 billion. And that forecast does not include a new spending bill that is now the subject of fierce argument between the Congress and the President. Earlier this month, Bush proposed $2.6 billion in extra spending, in part to pay for the cost of fighting forest fires that swept through tracts of the Western United States last year. The House of Representatives added another $2.8 billion to Bush's request to finance other programs including antidrug efforts, and ignored the President's request for a $982-million across-the-board reduction in domestic programs. The House has not yet voted on the bill, but Richard Darman, the director of the White House Office of Management and Budget, has already said that he will advise Bush to veto it if passed.

Target: Meanwhile, Bush and members of Congress have agreed on how they will reduce the deficit for the 1990 fiscal year to meet the Gramm-Rudman target of $118 billion. To squeeze the 1990 deficit under $118 billion without raising taxes, the budget pact essentially holds numerous domestic programs, such as Medicare and the defence budget—which has created thousands of jobs in the United States—to their 1989 funding levels, without any adjustment for inflation.

At the same time, staff members of the House of Representatives budget committee who are privy to the planning of the congressional Democrats, say that it will be impossible for the administration to reach the even tougher $76-billion Gramm-Rudman deficit target for 1991 without raising taxes. And they said the White House's Darman would likely suggest that the targets be increased to at least $95 billion for that year. But Darman has categorically denied any intention of adjusting the Gramm-Rudman targets.

Jump: Even that target would be difficult to reach if higher inflation rates prompted the U.S. Federal Reserve Board to increase interest rates, which would push up the cost of paying the interest on the U.S. deficit. If rates jump and the economy slips, the Democrats will probably push Bush very hard to back away from his election campaign pledge: "Read my lips—no new taxes." The House budget committee chairman, California Democrat Leon Panetta, said that if new taxes are needed to help meet the Gramm-Rudman target, they will likely be on liquor, cigarettes and gasoline. There may also be some form of a new and complex corporate tax limiting deductions on such items as advertising. But if Bush continues to balk at tax increases, the Democratic party-controlled Congress could refuse to compromise and threaten to let Gramm-Rudman take its course. That would trigger an automatic deep cut in military spending, and put Bush on a collison course with Gramm-Rudman.

WILLIAM LOWTHER *in Washington*



Building a cruise missile: no adjustment for inflation on new defence spending



Hearing in Family Hall: environmental issues are a concern among northerners

ENERGY

The value of gas

Support grows in the North for exports

Twelve years ago, Mr. Justice Thomas Berger, who carried out a public inquiry into a proposed Mackenzie Valley natural gas pipeline, shocked the oil industry by agreeing with concerns voiced by residents of the Northwest Territories. Berger recommended—and for the most part Ottawa accepted—a decade-long moratorium on pipeline construction in the river valley. But last week as the National Energy Board held hearings in Inuvik into a bid by three oil companies to export huge quantities of arctic natural gas to the United States beginning in the 1990s, many northerners proclaimed that they supported the proposal.

This time around, we feel more in control," said Nellie Cournoyea, the Territories' energy minister, who originally opposed the pipeline. "Our small communities are stronger, more organized." As well, some native groups, such as the Inuvialuit, are more inclined to favor resources sales now that they have control over extensive oil and gas reserves—and for the first time stand to profit directly from sales to southern markets.

The issue facing the NEB, which opened the current round of hearings in Ottawa on April 10 and moved to Inuvik last week, is whether to grant an export licence to three Calgary-based companies for an estimated $11 billion in natural gas exports. Gulf Canada Resources Ltd., Shell Canada Ltd. and Esso Resources Canada Ltd. applied between September and February to ship 9.2 trillion cubic feet of arctic gas to the United States over a 20-year period starting in 1996. If the NEB approves the exports, separate hearings would have to be held on applications to build a gas pipeline.



Drilling for oil: a blend of opportunism and optimism

Before the hearings began, oil industry critics said that Canada could leave itself short of energy by exporting nearly one-third of the country's known natural gas reserves. Last week, in Inuvik's Family Hall—against the backdrop of a mural depicting a polar bear battling a team of husky dogs—environmental issues were a major concern among northerners. "We used to make a living off the Athabasca River before Syncrude developed its tar sands plant," James Rogers, a non-native trapper from Fort McMurray, Alta., told the hearings. "But the river is now polluted, and the danger is the Mackenzie will be polluted." But others said that they support the project if northerners benefit directly from the sale. Said Roger Gruben, chief regional councillor of the Inuvialuit Regional Corp., which was set up to administer the land claims settlements: "The North to date has been exposed to energy costs two or three times that in other parts of Canada. The availability of inexpensive energy will be an important potential benefit to northerners."

Spokesmen for the Inuvialuit Regional Corp.—which owns a major gas field near Tuktoyaktuk—had several other demands. While insisting on stringent environmental safeguards and jobs for northerners, corporation officials urged the creation of four new national parks in the Arctic as a way of helping to preserve the environment. Said Gruben: "Establishing the gas export project along with these national parks adjacent to oil and gas developments would balance developmental and conservation interests."

The tone and emphasis of the submissions to the NEB differed markedly from testimony heard by the Berger inquiry. Appointed by the Liberal government of then-Prime Minister Pierre Trudeau in 1974, Berger—a justice of the British Columbia Supreme Court—investigated the likely social, environmental and economic impact of a pipeline that would have carried natural gas from Alaska and the Canadian Arctic to southern U.S. markets. After hearing testimony from many northerners who feared the pipeline would destroy their traditional way of life, Berger in 1977 recommended no pipeline be built until native land claims were settled.

But now, Berger says that the region may be ready for a pipeline. Added Berger, who now runs his own law firm in Vancouver: "The native organizations are now important players in resource decision-making. The changes that I thought should occur appear to have taken place."

Indeed, the land claim settlements may be the most significant legacy of Berger's report. In addition to a $152-million cash settlement, the Inuvialuit won clear title in 1984 to 30,000 square miles of land along with subsurface rights to an additional 5,000 square miles. The settlement also provided them with rights to hunt, trap and fish in an area of 350,000 square miles. A tentative agreement reached between Ottawa and the Dene and Métis last year provides for the handing over of about 70,000 square miles of land and $453 million in cash to settle land claims by the two native groups.

In the meantime, native leaders say they have learned from experience how to deal with resource developments in the region. Some natives claim they failed to gain any real benefits from construction of a four-year-old oil pipeline from Norman Wells, N.W.T., to Zama Lake, Alta. According to local residents, plans for employing native workers were abandoned when southern contractors and unions took control. Said Frank Pope, manager of the Sahtu Development Impact Zone, a predominantly native group that monitors development of renewable resources: "Nobody bothered to explain the system to natives—that you have to pay dues all year round to maintain union membership. This time, we want a piece of the action."

At the same time, several organizations are trying to prepare northerners for the business opportunities that may lie ahead. The Inuvik/Sahtu Community Futures Society, a federally funded group, provides loans to potential entrepreneurs. As well, the cash-rich, Inuvik-based Inuvialuit Development Corp., fuelled by annual federal payments on the Inuvialuit land claims settlement, is ready to exploit any opportunities that a pipeline provides. The conglomerate now owns, among other things, a local airline and a Calgary-based oil company that holds oil and natural gas reserves.

Despite the progress made during the past decade, some northern residents say that there are still urgent social problems that could be aggravated by economic development in the region. Said Donald Morin, a member of the legislature: "Alcoholism is the No. 1 disease up here." He added that the pressures of working in the petroleum industry and the additional income could lead to an increase in alcoholism. Noting the problems of suicide and violent crime, James Evoy, a columnist with Yellowknife-based *Native Press*, called earlier this month for alcohol to be banned throughout the territory. Wrote Evoy: "Beneath all today's hoopla about economic development and the emerging North, there is social chaos. And underneath the social chaos is alcohol. There is an answer, prohibition—the total banning of all alcoholic beverages in the N.W.T."

For others, concerns surrounding the pipeline are primarily practical ones. Said Peggy Curtis, Inuvik town recreation co-ordinator: "This time around we are a bit blasé about any project, but favor it so long as it is good for the town and we get connected to the gas supply." That blend of opportunism and optimism is clearly the biggest change of all among northerners since the Berger hearings, which may have helped to prepare the region for another stage of development.

BARBARA WICKENS *with* **JOHN HOWSE** *in Inuvik and* **HAL QUINN** *in Vancouver*

The new North

Native activists become their own masters

The ceremonial mace, fashioned from a narwhal tusk, carved whalebone and musk-ox horn, hes on a table that is covered by a polar bear skin. Native and northern designs abound elsewhere in the legislative assembly of the Northwest Territories in Yellowknife. There are similar designs on the pages' vests. And no fewer than 15 of the assembly's 24 elected members are themselves natives, including key cabinet members such as Energy Minister Nellie Cournoyea and Education Minister Stephen Kakfwi. Inside and outside the assembly, a fresh wave of leaders is taking Ottawa's onetime northern colony rapidly into an era of self-government. "They are young," said Ethel Blondin, the 38-year-old member of Parliament for the western Arctic. "And they know how to deal with high-pressure tactics."

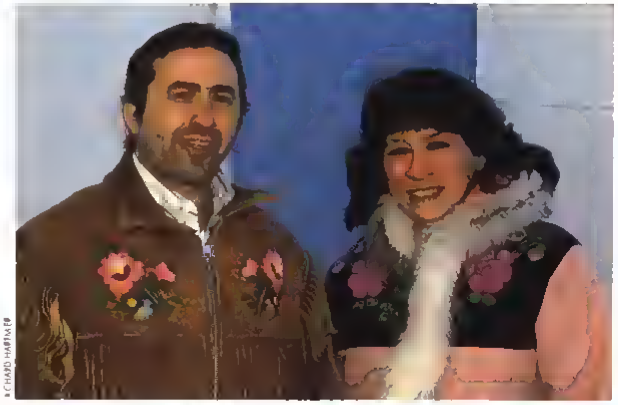
Looming economic developments, such as a proposed gas pipeline down the Mackenzie Valley, have forced northern natives to develop new leaders and new attitudes. Besides Cournoyea, the new generation includes assembly leader Dennis Patterson, 41, a non-native lawyer who practised for four years in Iqaluit on Frobisher Bay; Roger Gruben, 36, chief regional councillor of the Inuvialuit Regional Corp. (IRC), and William Erasmus, 34, president of the 15,000-strong Dene Nation. Said Cournoyea, 49, an Inuvialuit and former land claims worker: "Twelve years ago, during the Berger commission days, there was no feeling that the government was on our side. It seemed to be more in bed with industry. People are not prepared to put up with that anymore."

Among northern leaders, the crucial factor in the building of a Mackenzie Valley pipeline is first to arrive at the final settlement of outstanding land claims by the Dene and the Métis. "It is really a bad time to even talk pipeline with us," said Erasmus, a University of Alberta-educated anthropologist and former alcohol and drug abuse counsellor. "I know the disaster it would be without having our institutions in place under a settled claim."

In the meantime, the 3,500 Inuvialuit have seen their economic power enlarged by the 1984 land claims settlement, under which Ottawa is making a $152-million cash payment that is administered by the IRC. Discussing the region's future, Gruben—who was born into a Tuktoyaktuk fur-trapping family and spent eight years as a CBC broadcaster—says, "It is in our hands; if we don't get the job done now, something is wrong."

Still, the prospect of a multibillion-dollar natural-gas project in the region poses a formidable challenge to the new North. Declared Blondin, a Fort Norman Dene who is co-chairman of the Liberal party's October policy convention in Calgary: "It is an alarm bell for northerners to prepare themselves for employment." It is also a reminder to the rest of the country that the rules have changed in the North—and that the indigenous peoples of the region are increasingly masters in their own house.

JOHN HOWSE *in Inuvik*



Erasmus (left), Blondin: taking the region into a new era of self-government

MEDICINE

Life-and-death issues

Hospitals are turning to ethicists for help

The 78-year-old patient, who had survived an episode of cardiac arrest four days earlier, was unconscious as doctors and nurses gathered around her bed in Toronto's St. Michael's Hospital last month. The woman's chart carried a blunt instruction: "Do not resuscitate." During her 15 minutes of cardiac arrest, lack of oxygen had severely damaged the woman's brain. As a result, Dr. Robert Byrick, co-ordinator of the hospital's intensive care unit, told her family that death was inevitable. Unable to help the woman to recover, the hospital staff now were discussing whether to turn off her life-support system. Recalled Byrick: "We decided to let nature take its course." Respiratory support was removed, and the patient died six days later. In an age when medical technology can often keep a patient alive almost indefinitely, moral decisions of life and death have become medical routine. As a result, at a growing number of Canadian hospitals specialists in ethics—like St. Michael's ethicist George Webster—help medical staff resolve such moral dilemmas as when to allow patients to die.

So far, Webster, a Roman Catholic lay theologian who was appointed to his position at St. Michael's in 1982, is one of only two full-time hospital advisers on ethics in Canada. But dozens of hospitals regularly employ philosophers, lawyers and theologians as ethics consultants. Last month, deans and professors from 15 Canadian medical schools met with 16 ethics specialists in London, Ont., for the first Canadian symposium on ethics education for medical undergraduates. Donald Wilson, the Toronto-based physician who is president of the Royal College of Physicians and Surgeons of Canada, told the conference: "The whole field of ethics is exploding. We need help. We need guidance. We need training."



Byrick, uncertainties

The intensified concern about ethics partly mirrors the implications of new medical technology and newly identified diseases. Doctors are now faced with dilemmas ranging from what to do when in vitro fertilization produces more embryos than are needed for implanting in the mother's womb to whether a physician should violate a person with AIDS's confidentiality by informing the patient's sexual partners of the risks they face. At the same time, the growing interest in medical ethics has stemmed from doctors' vulnerability to criticism—and lawsuits—by patients who are aware of their rights as consumers. Said Dr. Nuala Kenny, head of pediatrics at Halifax's Dalhousie University: "Some physicians are motivated by a fear of litigation, or they worry that the courts will decide questions that are truly medical ones."

Because high-technology life-support systems can now prolong the lives of some terminally ill patients, doctors frequently must decide when to discontinue therapy. According to Byrick, do-not-resuscitate orders are issued every week at St. Michael's at the request of terminal patients. When such patients express a wish to die, said Byrick, hospital staff review the medical facts and determine whether the patient is competent to decide. And with the pressure on health care resources becoming increasingly strained, doctors sometimes have to decide which patients should be chosen for costly surgical procedures and scarce beds.



BRIAN WIER/MACLEAN'S

Heart bypass operation. some medical issues do not become any easier to resolve

Still, the idea of doctors being guided by outside experts troubles some physicians who question the role of ethics specialists in medical issues. Said Kenny: "Medical decisions must be made by doctors." At a workshop at the London conference, Dr. Samuel Ludwin, a neuropathologist who teaches at the Queen's University medical school in Kingston, Ont., told Webster that experts in medical ethics can have "an enormous amount of power to influence thought processes." Ludwin asked Webster, "Who evaluates you?"

Still, hospitals are likely to continue to employ ethics specialists because most Canadian doctors are not specifically trained to make such critical moral judgments. While most Canadian medical schools offer some ethics classes, only a few—including Newfoundland's Memorial University and Laval University in Quebec City—require students to take courses in ethics.

Despite the growing interest in the issue, some kinds of medical dilemmas do not become any easier to resolve. At Montreal's Jewish General Hospital, the 12-member ethics committee—including medical staff, administrators, two lawyers and a philosopher—debated for 90 minutes last month over whether to discharge a 48-year-old schizophrenic who wanted to go back to living on the city streets. The doctors feared that the woman would discard the pills that helped to keep her emotionally stable if she was not supervised. In the end, they discharged her, but—in an effort to ensure that she remain under medical supervision—they arranged for her to pick up her welfare cheques at a psychiatrist's office. Said Prof. Benjamin Freedman, a philosopher at McGill University's Centre for Medicine, Ethics and Law: "There was no medical reason to keep her in. But out there, she would die by inches. We had to decide whether she was competent to refuse treatment." As medical technology becomes more sophisticated, and available resources more strained, Canadian doctors are likely to find themselves facing new moral uncertainties—and turning to specialists for help in dealing with life and-death issues.

IVOR SHAPIRO *in London, Ont.*

GROUND CONTROL.



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MICHELIN

Pittsburgh scores

The Penguins are a playoff team once more

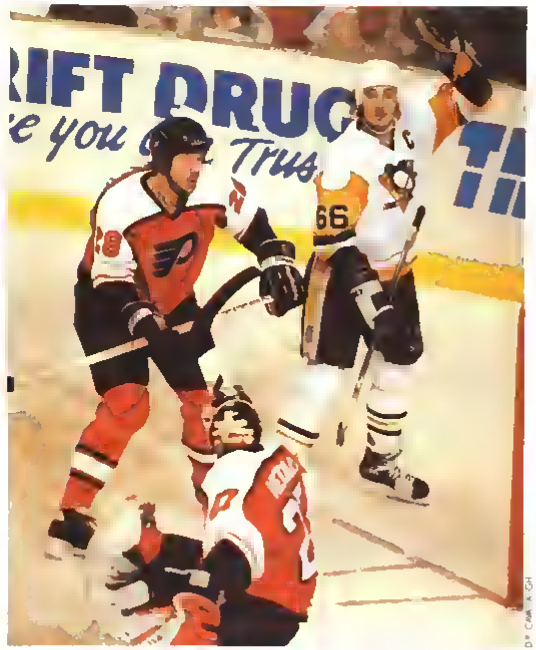
BY TRENT FRAYNE

On the outer fringes of the new light that has landed in Pittsburgh in the person of Mario Lemieux, it is just possible to perceive Eddie Johnston, a bulky and now almost faceless fellow who made most of what is happening happen. And what is happening, as any hockey fan knows is that the once-hilarious Pittsburgh Penguins are a playoff team for the first time since 1982. And not just a playoff team, but one that eliminated the New York Rangers in a four game sweep before taking on the chew-'em-up Philadelphia Flyers in the Stanley Cup quarterfinals.

Lashing the Rangers, Pittsburgh moved a good deal farther along the over-long playoff trail than the defending champion Edmonton Oilers, who succumbed in seven games to the inspired play of their former teammate Wayne Gretzky and his Los Angeles Kings. Right away, though, the Kings suffered a severe relapse in Calgary and dropped two games to the home-town Flames before returning to California to resume the series.

In whipping the Rangers, Pittsburgh was into heady stuff. Since the Penguins became part of an expanded National Hockey League in 1967, they have missed the playoffs 12 times, a mighty imposing piece of impotence in a 21-team league that plods through 840 games from October to April in order to finger a mere five also-rans.

Eddie Johnston was at the helm of the past five Pittsburgh disasters, a man with a pair of Stanley Cup rings to remind him of older glories. As the Penguins' general manager, Johnston sought to re-create the sort of successful combination in Pittsburgh that he had known almost 20 years ago in Boston when he played goal for the Bruins and earned those rings.



Lemieux (above right), Johnston (below): demoted to the boondocks

Finally, through perception and persistence, he made it last year. Still, his reward was a trifle disconcerting: he was fired. Well, not precisely fired. He was demoted to assistant general manager and now, instead of watching his fulfilled achievement in NHL rinks, he scouts the boondocks looking for prospects.



In Eddie's early years in Boston, the Bruins couldn't lick their lips. He reached the Bruin cage in 1962, a comparatively old rookie of 27 who had fended off pucks in such minor league outposts as Shawinigan, Winnipeg, Hull, Edmonton and Spokane. The Bruins were last in the six-team NHL the year he got there and they remained that way until 1966, when they skyrocketed to fifth.

But then the earth turned. In the autumn of 1966 the 18-year-old child prodigy from Parry Sound, Ont., Robert Gordon Orr, arrived from the Oshawa Generals, and a year later the explosive Phil Esposito was acquired by the Bruins in a trade with Chicago. This may have been one of the dumbest deals the Blackhawks ever made, for with the acquisition of Esposito and the emergence of Orr, Boston took off. Over the next eight seasons, the Bruins revolutionized the offensive side of hockey. Orr became the first defenceman to win the NHL scoring title, a player with sure instincts, instant acceleration, a quick, whistling slapshot and a driving spirit. Esposito became renowned as the game's foremost garbage collector. He would park his elbows and knees and ample bulk in front of the net, use them to fend off worrisome defencemen and deftly steer deflections and reroute rebounds past goalkeepers.

All right. From the other end of the rink, Eddie Johnston observed the magic of this pair and, a decade or so later, by now holding down the rebuilding chair in Pittsburgh (terrible teams are always said to be rebuilding), he thought he detected another Esposito in a ponderous adolescent performing all sorts of scoring feats for the Laval Voisins in the Quebec junior league.

Thus, of course, was Mario Lemieux, the six-foot, four-inch, 210 lb. 23-year-old who was last season's NHL scoring champion and Hart Trophy winner. From such achievements it can be concluded that anyone who missed Lemieux would have missed Marilyn Monroe. But, in truth, Lemieux was of questionable quality as a youth. There were those who watched him in the 1984 Memorial Cup junior championships at Kitchener, Ont., who wondered if his reputation had not been built on the fact that he was bigger and stronger than his peers. He had scored a mammoth 133 goals in 70 games for the Voisins, but that was at 18 against beardless youths.

In Kitchener, Lemieux exuded an indifference bordering on boredom. He played like a guy who would not recognize his own goaltender if he met him in the shower. He coasted in great wide circles when he didn't have the puck. He resembled the QE2 docking. Indeed, a reporter encountering Billy Taylor, who was then a scout for the Penguins, wondered if Eddie Johnston had not grossly overrated Lemieux.

"Eddie likes him," Billy replied uneasily. "I mean, ah, Eddie likes him, you know? And the kid's record is terrific."

That's what it always got back to, his record. So other, richer teams that could afford to be patient hounded Johnston, seeking to swap seasoned veterans for Pittsburgh's draft pick (last overall in the standings in 1984, the Penguins had first pick in the draft of juniors that summer). But Johnston stayed steadfast against their blandishments.

"I'd spent a lot of time scouting him myself," Johnston says now. "So he didn't back-check, so what? He had the puck all the time, didn't he? I talked to his folks, nice quiet people. I was brought up right near them in Montreal, in St-Henri in the West End, they call it. I liked the kid. I decided he was a franchise player so I told everybody no."

Lemieux got 43 goals that first season and he just keeps getting better. He got 48 goals the second year, 54 the third, 70 the fourth and a resounding 85 this year.

Even so, the Penguins were a long time winning, and Johnston, remembering his Boston days, pined for someone like Bobby Orr to share the load. The team was sixth, fifth and fifth in its six-team division during Lemieux's first three seasons and, though its point totals were improving, it was not a contender.

The break came for Johnston when Paul Coffey, Edmonton's all-star defenceman, and Glen Sather, the stone-faced Oiler leader could not reach agreement on Coffey's economic value in the annual Oiler sashay to the Stanley Cup. Through the early weeks of the 1987-1988 season, Coffey declined to report, and Sather refused to yield. None of this was lost on Eddie Johnston, who remembered Orr's impact.

Coffey is no Orr (who is?) but he packs a wallop nonetheless. Orr could take charge of a game, turn it around, change the tempo. Coffey doesn't have that much impact, but he is an eyeful, whirling out of his own end with the puck, relieving the pressure, leading a charge. "I've never seen a guy who can skate like that," the smooth little New York Islanders centre Pat LaFontaine said in some awe last winter.

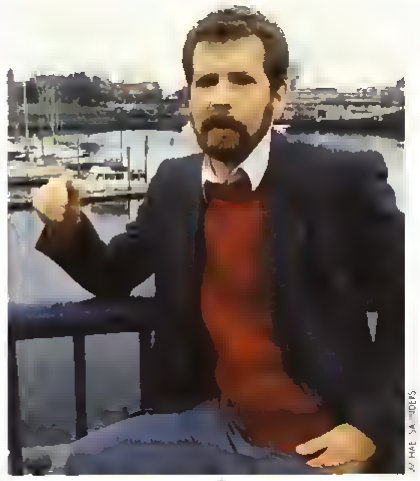
"I needed that type of player," Eddie Johnston says in retrospect. "Getting him was hard grinding. I was on the phone to Sather for weeks trying to put together a deal that would satisfy him. How many calls? Oh, 100, maybe, maybe more. I called every day for three weeks near the end, sometimes 20 calls a day as the situation kept changing."

And then finally the deal was made. On Nov. 24, 1987, Eddie's ordeal ended. Even so, it took Coffey a while to mesh into the machine. The Penguins were last in their division again, but coming on strong at the end.

By then, though, Eddie Johnston was going. In the universal delicate phrasing of such matters, the owner, Edward J. DeBartolo, decided to make a change. Eddie was moved down the hall to make way for Tony Esposito, Phil's brother. How's that for irony?

Bracing for a quake

The West Coast prepares for the worst



Rogers: the area could be hit by lesser upheavals

Every few months, many residents of Victoria hear dishes rattling because of barely perceptible earth tremors. But, until recently, southern British Columbians had been spared the anxiety that haunts most residents of northern California, where scientists say that a major earthquake is almost certain to occur some day. Now, more recent studies have persuaded some seismologists that Canada's West Coast could be struck by one of the biggest earthquakes the world has ever known, perhaps in the next 50 to 100 years. Partly as a result of the new fears, federal and B.C. government officials met with members of industry and special-interest groups in Vancouver last week to begin drawing up British Columbia's first full-scale plan for coping with the aftermath of a major quake.

Although northern California has long been regarded as a high-risk area, the potential for a major quake beneath Vancouver Island and the coasts of Oregon and Washington was only considered a remote possibility until the 1980s. John Adams, a seismologist at the Geological Survey of Canada in Ottawa, said that geological and geophysical research carried out during the past three years convinced him and other experts that there is a good chance of a major quake in the area during the next half-century. Adams added that evidence suggesting that there had been major earthquakes in the area hundreds of years ago implies there could be another in the future.

Geologists say that a major quake would be the result of shifts in two of the huge masses of rock—known as tectonic plates—that make up the Earth's surface. With glacially slow speed, two plates are currently moving together beneath southern British Columbia. Scientists say that, eventually, the Juan de Fuca Plate—which runs beneath the Pacific Ocean from the middle of Vancouver Island to Cape Blanco in Oregon—could slip beneath the edge of the continent-spanning North American plate, setting off a massive earthquake. And even if the West Coast is spared a quake in the nine-point range, experts say that the area could be threatened by lesser seismic upheavals. Garry Rogers, a scientist with the Geological Survey's Pacific Geoscience Centre near Victoria, said that the giant plates routinely buckle, causing earthquakes in the six- to seven-point range.

Meanwhile, officials from Emergency Preparedness Canada and the B.C. ministry of the solicitor general met to draw up detailed plans for coping with casualties and destruction. Still, Murray Stewart, the Victoria-based director of the emergency program for the B.C. government, expressed concern about whether the government of Premier William Vander Zalm will allocate the large amount of public money needed to create the organized system. Said Stewart: "It is very difficult to convince people to devote the big bucks to get ready." As well, officials of the Geological Survey say they have been unable to obtain enough federal funds to install more seismic sensors in British Columbia and to pay for the satellite monitoring of the subtle movements of land masses. But those tools could help scientists predict when a major earthquake might be coming—and enable B.C. residents to prepare for the worst.

JACK HANNA *in Ottawa*



Cosby: avoiding the delicate issues while portraying a loving relationship

SHOW BUSINESS

Funny valentine

Bill Cosby reports on love and marriage

The Café Figaro, an old coffeehouse in New York City's Greenwich Village, is not the kind of place where stars are expected to turn up. The walls are plastered with varnished newspapers, nothing on the menu costs more than $5. But that is where Bill Cosby, television's most famous family man, chose to meet *Maclean's* for an interview. He used to work a nightclub down the street as a struggling comedian in the early 1960s. Although he now earns millions of dollars a month and owns five houses and a private jet, he still feels comfortable in the old neighborhood. It was early afternoon, and the coffeehouse was quiet. Ignored or unnoticed by the student clientele, Cosby sat at a table in the back. Smartly dressed in a sweater, slacks, loafers and a suede cap, he talked about his new book, *Love and Marriage*, a slim volume of cautious confessions skimmed from personal experience.

In the past, Cosby has protected his wife, Camille, from the public eye. But the book offers some insights into their 25-year marriage. A barbed valentine, it portrays a loving relationship that has endured difficult times. After a quarter-century, it seems that the sex has all but evaporated, and often there is not much left to discuss but the children—there are five of them, aged 12 to 24. Cosby tells about nasty habits, incompatible sleeping patterns and fights over bigger issues that remain unidentified. By turns tender, amusing and coy, *Love and Marriage* never ventures into the deep end of marital discord. "It isn't exactly Hemingway," Cosby said. "There's no *pain* in there. The book is to make people laugh, make them identify and have a good time."

Cosby has an exceptional talent for turning personal experience into comedy that nudges a common chord. His TV family in NBC's top-rated *The Cosby Show* is closely modelled on his own. And, at 51, Cosby still recycles his life in concert monologues—a month ago he played arenas in Regina, Calgary and Saskatoon. In recent years, he has expanded his family-humor franchise into a publishing phenomenon. His 1986 book, *Fatherhood*, sold 2.6 million hard-cover copies and 1987's *Time Flies*, an ironic look at aging, sold 1.7 million.

Like the previous books, *Love and Marriage* is full of self-mocking reminiscence and humor. There is every reason to assume that it will sell as well as the others, contributing to a Cosby empire that includes commercial endorsements, album sales, TV syndication rights and shares in The Coca-Cola Co. According to *Forbes* magazine, over the past two years, he was the world's second-highest-paid entertainer, after Michael Jackson. In 1988, Cosby earned $43 million, which averages out to almost $5,000 an hour, including sleep time. He spends summers in the south of France and winters in a restored farmhouse on 265 acres in Amherst, Mass.

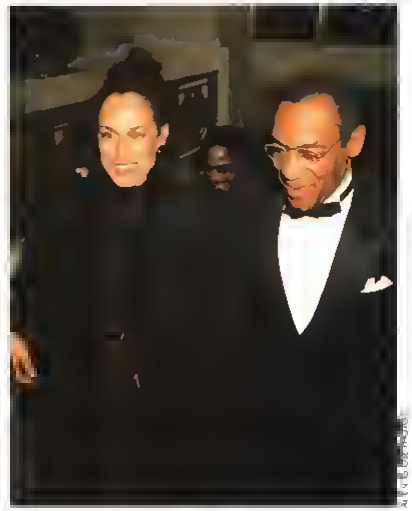
Despite his wealth, Cosby manages to pass himself off as a clownish Everyman, treating his life as a bottomless well of folk wisdom. The new book divides his experience into two parts. The first, titled *Love*, fondly recalls his fumbling explorations of romance as an adolescent—the girl-watching vigils on street corners, the groping slow dances, the classmate who scared him away by pulling up her dress. The son of a navy mess steward, Cosby grew up in a Philadelphia public housing project. At 26, on a blind date in a bowling alley, he finally met his match in an uptown girl, Camille, the daughter of an army colonel. After a summary of their courtship, the book quickly jumps to the section titled *Marriage*. Sex is hardly mentioned again, aside from muted complaints about how physical passion has faded.

In the book, Cosby tends to portray himself as a little boy mothered by a wife far better organized than he is. He leaves his shoes wherever he takes them off; she turns out the light on him when he is reading late. She considers him so absentminded that she does not let him carry the house key. The book's continual refrain is that Cosby is not the boss in his own home. "It's the truth," he said in the interview. "Anytime you leave a place for more than 12 hours to come back to it, eat, watch two hours of TV, then go up and shower and get into bed, wake up eight hours later, shower, get dressed, grab a juice or coffee, then out the door into a car, that is a place you can't be the boss of." Although he talks and writes affectionately about Camille, there is a definite streak of "Take my wife—please!" in the humor. Yet, while Camille is a new target, his previous books took a similar tack. "When you read *Fatherhood*," Cosby pointed out, "the guy says 'Take my kids—please!' and in *Time Flies* it's 'Take my body *please*!' "

To avoid offending Camille, Cosby says that he avoided delicate issues. Deciding what to leave out of the book was easy—"It came down to whether or not my wife was going to kick my ass." But he added that he did not let her see the work until after it was published. "I gave it to her, and she took it upstairs. She said, 'That's very, very funny.' She had only read up to Chapter 3. I don't know if she's finished it. She may be kind of dipping in with her eyes closed. Maybe she'll have one of my daughters underline for her."

One issue never mentioned in the book is infidelity. In the 1970s, Cosby used to frequent *Playboy* publisher Hugh Hefner's Los Angeles mansion. But when bluntly asked, Cosby replies that he has never cheated on his wife. He admits that his marriage has weathered at least one severe crisis, but talks about it only in the vaguest terms. "Where did it happen, for what reason and how did it get to be that big is anybody's guess," he said.

Cosby is a wary interview subject. His patriarch's frown rarely gives way to the little-boy grin. And he speaks with the stern voice of a man who has a PhD in education from the University of Massachusetts and who employs a psychiatry professor as script consultant on *The Cosby Show*. In fact, the series evolved from his concern about the state of TV morality. "I saw these producers and writers with Tiparillo cigarettes throwing paper airplanes around the room and saying, 'Yeah, shock value,' " he said. "All the jokes were on the parents—I wanted a show where the parents won."



Bill and Camille Cosby: folk wisdom about love

The pioneer of the 1980s wave of family sitcoms, Cosby is still dismayed by the complexion of contemporary television. Dismissing ABC's highly acclaimed *thirtysomething*, he said, "Their idea of integration is that they're grooving with the Four Tops and the Temptations." He criticizes *Saturday Night Live* for its all-white cast. And Cosby, who became one of prime time's first black stars with Robert Culp in the 1960s series *I Spy*, is unimpressed by *Miami Vice*'s stab at integration. "The white *People* magazine," he said, "put Don Johnson on the cover and left the other guy in the dust."

Disputes over the hiring of black cast and crew marred the production of the 1987 movie *Leonard Part VI*, a flop that he wrote, produced and starred in. Cosby's poor record on the big screen remains a sore spot. "Bill is a big baby, who needs to be cuddled and mothered," says *Leonard* director Paul Weiland in *Fast Fade*, a recent biography of former Columbia Pictures chairman David Puttnam. "He's got a huge ego." But as a performer, Cosby said, "you have to be bigger than the event. That's where the ego comes in. If you're a quarterback, the Grey Cup can't be bigger than you are. You have to say, 'I *am* the Grey Cup.' "

As he left the coffeehouse and walked across the street, Cosby was definitely bigger than the event. In a 30-second span, screams issued from the window of a passing bus and, as he stepped into a plain black Dodge, he was spotted by a trio of fashion models sitting in a sidewalk café. Turning to one who looked like a teenage version of his wife, he quipped, "Could you send me your clothes when you're finished with them?" The woman laughed as the car slipped away into the Manhattan traffic. Even with love, marriage, fame and fortune, part of Bill Cosby is still the street-corner comedian, doing his best to make the girls smile.

BRIAN D. JOHNSON in *New York City*

LOVE AS A TENDER TRAP

Bill Cosby's Love and Marriage *offers a trench-level glimpse of the war between the sexes. Cosby charts his romantic progress from early pangs of adolescence to his less-than-perfect marriage with Camille, which has endured a quarter-century. Some highlights:*

- I can't remember where I have left my glasses, but I can still remember the smell of the first girl I ever fell in love with when I was 12, a blend of Dixie Peach pomade on her hair and Pond's cold cream on her skin, together they were honeysuckle for me.

- As I danced with Millie and thought about Ruth, I was sweating the way I did when I played basketball; but sex was harder than basketball because I didn't know the rules for staying out of foul trouble.

- I knew there was no possibility of my touching Camille's breasts (I'd be lucky if she'd let me do that after we were married), but I wondered if I should try to make contact with something more acceptable, like her knee.

- No man ever grows up in the eyes of a woman—or ever grows familiar with the rules for dealing with her. Sigmund Freud once said, "What do women want?" The only thing I have learned in 52 years is that women want men to stop asking dumb questions like that.

- If any man truly believes that he is the boss of his house, then let him do this: pick up the phone, call a wallpaper store, order new wallpaper for one of the rooms in his house, and then put it on.

- In the early days of our marriage, Camille used to sleep with her back against me and I often put my leg over her. In those days, no physical position, no matter how awkward, was anything but enchanted entanglement.

- By our 15th year, however, we were no longer in sync in the sack. And today, she will turn to me while I'm reading and say, "Now hear this. It is time to go to sleep."

- Maybe the best answer a husband can give to *How was your day?* is *I spent it dreading that question.* Or maybe the husband should draw first and ask his wife, *How was your day?* Then, however, he is liable to hear the four grimmest words of all: *I had the children.*

- So far, most of marriage has been the Ziegfeld Follies for Camille and me. And now we're getting ready to send in the clowns.

THEATRE

Drama's daredevil

Richard Rose mounts an ambitious new work

For most of the year, the William H. (Bill) Bolton Arena in downtown Toronto echoes with the clash of hockey sticks. But early in April, the ice was gone and the dim interior looked as if preparations for a high-tech rock concert were under way. Wooden stages and scaffolding filled the playing surface, while banks of video screens flickered overhead. Bodies seemed to be everywhere, climbing, dragging cables, shouting, speaking to each other with strangely formalized gestures. In the centre of it all stalked a young man in a dark overcoat and owlish glasses. Clearly at home in the chaos, he called out instructions with the unflappable assurance of someone who knows exactly what he wants. Richard Rose, 34, the director of the North American smash-hit *Tamara* and one of Canada's brightest creators of original theatre, was in full flight, tuning up his most ambitious project yet, *Newhouse*.

The epic drama, written by Rose and dramatist D. D. Kugler, demands the synchronization of 16 technicians and 22 actors in a setting that is an acoustical nightmare. And the cold weather that preceded the April 19 opening turned rehearsals in the unheated arena into a contest with the elements. As the cast broke for dinner one evening, the hottest young director in town wrapped his coat around him and declared, "I just wish it wasn't so bloody cold. This is going to be murder on the audience."

Rose is familiar with logistical difficulties, most of which he happily brings on himself in his search for ideal theatrical settings. Without their own theatre, he and his Toronto-based acting troupe, Necessary Angel Theatre Company, rent various spaces around the city, some of them highly unusual. *Tamaro* was first mounted in a Victorian building that had been used as a men's residence. To find the right locale for *Newhouse*, Rose spent weeks investigating arenas. Over lunch last week in a West Indian restaurant, he recalled his triumph at finding the Bolton arena. "I think it's the only rink in Toronto where there's a three-week gap between ice hockey and ball hockey," he said. "I don't think the staff knows quite what to make of us though."

Rose's pleasure at the bewilderment he is causing is revealing. There are elements in him of the prankster—at his happiest doing the unexpected. But his playfulness is usually balanced with an almost fervent earnestness. In shows ranging from *Metz*—a collaborative effort developed by Rose and his actors, it explored the ruthlessness of corporate business culture—to his superb production of British playwright Howard Barker's *The Castle*—about the war between the sexes—Rose has consistently tackled serious themes.

That quality was obvious as he talked about *Newhouse*, a play that is as intellectually ambitious as it is physically demanding. Based on two great myths of Western civilization—Don Juan and King Oedipus—it focuses on the society of the near future, as an AIDS-like sex plague causes widespread political and social chaos. At the centre of the turmoil is a Don Juan figure, an unrepentant hedonist called Newhouse who refuses to stop making love to women even though it has become dangerous and morally irresponsible.

Set off against Newhouse is the prime minister of Canada, a decent man who wants to save his people. But, as with King Oedipus—who was cursed because he unknowingly married his widowed mother—the prime minister's own morality is more deeply compromised than is at first realized. Underpinning that plot are some serious issues, including the question of whether AIDS represents nature's judgment on humanity for the way in which it has exercised sexual freedom. Says Rose: "In my work these days, I'm more interested in putting the right questions than in giving pat answers. What interests me are the contradictions."

An only child, Rose was born in Venezuela in 1955. But two months later, his father returned to his home town of Sudbury, Ont., with his Spanish-speaking Venezuelan wife and his son. Rose spoke only Spanish until he was 5, and at school had to learn English as a second language. Lonely and out of place in a tough, sports-minded environment, he took the bookish escape route of many sensitive children. "Books were my best friends," he says.

In 1973, Rose enrolled in drama at Toronto's York University, founding Necessary Angel after getting his bachelor's degree. The troupe's first production was the Greek tragedy *Agamemnon*. Critics pummelled it, and Rose now claims to be embarrassed by it. But the show announced the arrival of a director unafraid to tackle big themes in an original way. Over the next few years, a characteristic Rose-Necessary Angel style emerged. Intellectually and stylistically precise, international in flavor, it was light years from the tangled intimacies of Canadian kitchen-sink realism. Says Rose: "The first generation of Canadian directors, the Paul Thompsons and Martin Kinches, had done the Canadian thing to death. I felt I was free to do something different."

Tamara was indeed different. Written by Rose's boyhood friend, playwright John Krizanc, it premiered at the 1981 Toronto Theatre Festival, where the audience delighted in the experience of following the actors from room to room, public eavesdroppers on a private drama. *Tamara*'s study of fascism—it



Rose: elements of a prankster who is at his happiest doing the unexpected

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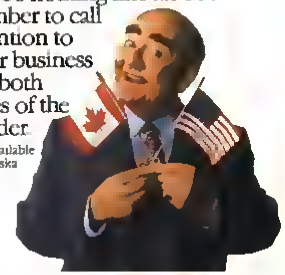
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The plague years

Sex and death join in a tragic new play

focused on the right-wing Italian writer Gabriele D'Annunzio—proved so popular that it ran in Toronto for seven months. Then, Toronto producer and media mogul Moses Znaimer supported a Los Angeles production that opened in 1985, followed by a New York City *Tamara* in 1988. Both are still running, despite New York ticket prices that average $100 each (and include a four star buffet).

Znaimer attributes *Tamara*'s international portability—Buenos Aires and Moscow versions are in the works—to its subject matter and, especially, to its environmental approach, which is the result of a collaboration between Krizanc and Rose. "As a theatre style, *Tamara* is truly the wave of the future," he said, "not just a gimmick." Znaimer added that the play's style appeals to people used to the fast, fragmented, wholly enveloping style of modern media.

Still, Znaimer says that the New York City show has not yet made a profit for its investors. But he estimated that the lucrative royalties agreement signed by Rose and Krizanc has probably made them two of the best-paid theatre directors and playwrights in Canadian history. However, "the boys," as Znaimer referred to Rose and Krizanc, disagree. "What Moses said would be true if we were getting the money we were owed," Krizanc told *Maclean's*. "But we've waived so many royalties to help the production, I have trouble meeting my mortgage. Richard's in the same boat."

Indeed, most of Rose's shows are not big money-earners. The young director persists in tackling projects that extend the boundaries of theatre with only secondary regard for the balance sheet. The $150,000 needed to stage *Newhouse* will be partly funded by a combination of *Tamara* profits and gifts from Labatt's Breweries and the Laidlaw Foundation. But with 38 actors and technicians to pay, and room for only 160 people at each of its 13 scheduled performances, it still has little chance of generating a profit.

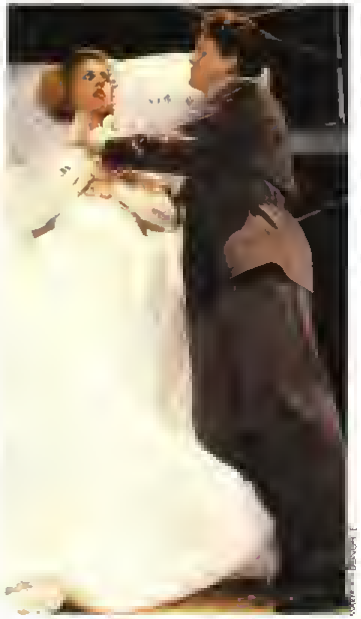
That does not seem to concern Rose, whom his friend Krizanc describes as an enigma, a workaholic fuelled by nicotine, caffeine and the visions that he carries in his head. He added: "Richard thrives on limitless amounts of responsibility. He's never happier than when he's confronting something big." Krizanc speculated that his friend's penchant for the grand scale might lead him into directing opera, and perhaps even film. Rose admitted that he has had offers from Hollywood, but he told *Maclean's*: "I've resisted so far. I'm sure it's really easy to lose your values in the film scene down there."

In the meantime, Rose's American wife, Laura Fox, and their two-year-old daughter, Dakota, are living in California. Rose flies down to Los Angeles roughly once a month and he plans to spend August there. He is taking only one book with him on his holiday: the *Complete Works of Shakespeare*. Even at rest, the director of *Newhouse* cannot stop dreaming big.

JOHN BEMROSE

NEWHOUSE
By Richard Rose and D. D. Kugler
Directed by Richard Rose

Newhouse opens with an athletic sex scene on silky sheets and ends with a thundering vision of death and misery. In tracing that course, the play intentionally recalls the plunging trajectories of Greek tragedies, with all their golden rhetoric and evocation of terror and pity. But it is one thing to evoke Greek masterpieces, and quite another to emerge from the comparison unbattered. *Newhouse* aims too high and ends by falling into banality. Too often, it seems like *Dallas* while trying to sound like *Oedipus Rex*. Yet the play is still fascinating for its audacity in taking a dramatic high road. Director Richard Rose may be naïve and even grandiose in thinking he can walk the same path as Sophocles and Aeschylus. But in the few scenes where the play's big style actually works, a funt of something thrilling and unusual flows from the various stages scattered through the chilly, cavernous interior of Toronto's William H. (Bill) Bolton Arena.



Marguerite Pigott, Shultz' gripping scenes

Like Rose's best-known production, *Tamara*, *Newhouse* experiments with a new way of connecting audience and actors. While the spectators stand in the centre of the largely darkened arena, the play's scenes pop up on spotlit platforms. Theatregoers have to shift and crane to follow the action, which gives them the feeling of being a street crowd witnessing a public drama. That fits in well with the play's focus on the interplay between the private and public lives of politicians.

At the heart of *Newhouse* is the prime minister of Canada, played with admirable command by Rodger Barton, who looks remarkably like Brian Mulroney. Struggling to save his country from the fear generated by an AIDS-like sex plague, he is perpetually hounded by a horde of microphone-wielding news reporters who—with their incessant comments and questions—act as a sort of Greek chorus. The prime minister's calm, rational approach is opposed by an evangelist (Stuart Clow) who is afflicted with a disorder that contorts his face and his voice. The evangelist—who, for most of the play, appears only on a large video screen—claims that the sex plague is God's judgment on the human race for breaking his command against adultery. "Order flows backwards," he intones ominously. "Death precedes conception." His chilling scenes have an oracular quality and are among the few that seem at home in Rose's epic scenario.

Some of the intimate scenes are also gripping, especially one in which the prime minister tells his wife—affectingly played by Elizabeth Hanna—that he, too, may be infected by the plague. And there are some blackly comic moments in a counterplot that centres on the sexual predation of a Don Juan figure called Newhouse (Albert Schultz). But the sexuality lacks sizzle, and the climactic scenes founder in rhetorical pomposity. Rose and D. D. Kugler do not create the poetic, elevated language that might have made *Newhouse* soar. But in trying, they have struck occasional chords of a thoughtful, morally concerned seriousness that is seen too rarely on the contemporary stage.

J. B.



It takes 300 litres of wax to wax this Volkswagen.

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MIRANDA SUE GORDON

Lancaster, Hoffman, Costner: a team of phantoms on a diamond in the rough

FILMS

A bases-loaded hit

Passion for baseball drives home a movie

FIELD OF DREAMS
Directed by Phil Alden Robinson

Baseball is perhaps the most literary of sports. Like a good book, it unfolds at a leisurely pace, offering more suspense than action. Tempering anticipation with nostalgia, it is a game enamored of its own myths, legends and statistical lore. Over the years, many writers have made it their muse, but none as fanatically as British Columbia author W. P. Kinsella. Now, *Shoeless Joe*, Kinsella's best-selling 1982 novel about an Iowa farmer who carves a baseball diamond out of his cornfield, has been cut and polished into an unlikely gem of a Hollywood movie with a new title, *Field of Dreams*.

Even in novel form, Kinsella's story requires a considerable stretch of the imagination. Its hero hears voices, sees signs, chases pot tents—and watches a team of phantoms play ball on a field that he has built for reasons he does not understand. The characters do not play much baseball but are obsessed by it. And the unpredictable plot mirrors the game's quirky momentum and aimless symmetry. Despite the risks of bringing such an intangible tale to the screen, the film-makers have pulled it off. They have captured the mercurial spirit of Kinsella's novel and added an emotional grandeur worthy of both Hollywood and baseball. Full of wit, whimsy and honest sentiment, *Field of Dreams* slides home—and into the heart—in fine style.

It belongs to a new breed of baseball movies. Traditionally, the sport has not scored well with movie audiences. But during the past year, Hollywood has tried to improve its batting average with half a dozen features about the boys of summer. Last season's *Bull Durham*, in which a smouldering Kevin Costner fielded low-ball curves from Susan Sarandon, broke the losing streak. And this month, a sophomoric farce about the Cleveland Indians titled *Major League* has taken an easy hold on first place at the spring box office.

Now, Costner rekindles his romance with the game in *Field of Dreams*. But this time around, there is much less swagger in his walk: he is playing a humble spectator rather than a player, an ordinary family man with extraordinary fantasies. While baseball served as a metaphor for sex in *Bull Durham*, it becomes a yellow brick road back to boyhood innocence in *Field of Dreams*. Sex seems to be the last thing on anyone's mind. Instead, the movie explores the mystical bond between father and son.

Costner portrays Ray, an Iowa farmer haunted by memories of his father's passion for baseball. As a rebellious teenager, Ray rejected both the sport and his father, who died before they could heal the rift. Suddenly, Ray hears a voice in his cornfield saying, "If you build it, he will come." *It*, he decides, is a baseball diamond, and *he* is his father's hero, Shoeless Joe Jackson, one of the eight members of the Chicago White Sox suspended in the 1919 World Series scandal. To his neighbors' consternation, Ray plows under his corn, builds a beautiful diamond and waits for Joe's ghost (Ray Liotta) to show up and play ball.

Prompted by more voices, Ray tracks down two more mysterious characters: a legendary author named Terence Mann (James Earl Jones) and Dr. "Moonlight" Graham (Burt Lancaster), a physician who had a one-game brush with glory in the major leagues. Back at the farm, Ray's remarkably tolerant wife, Annie, played with spunk by Amy Madigan, waits with their daughter (Gaby Hoffman). The farm is facing bankruptcy, and Annie's brother (Timothy Busfield of TV's *thirtysomething*) has threatened to take it over, forcing a showdown.

Writer-director Phil Alden Robinson whose script is almost too literate for its own good, has remained admirably faithful to Kinsella's book. He has even preserved the author's use of his own surname for the main character—Ray Kinsella. But there is one major change. In the book, Ray pursues the reclusive author J. D. Salinger. But Salinger took offence at that literary conceit, and the film-makers replaced him with the fictional Mann, a black veteran of the civil rights movement. Unfortunately, the character does not ring true, and Jones tends to overact the part.

Meanwhile, Costner acts with ease and grace, finally living up to frequent comparisons with James Stewart and Gary Cooper. After playing tough guys in *Bull Durham*, *The Untouchables* and *No Way Out*, he seems more comfortable as a mere mortal, an all-American dreamer. In *Field of Dreams*—a movie that loads the bases with laughter, tears and magic—he has scored a grand slam.

BRIAN D. JOHNSON

MACLEAN'S BEST-SELLER LIST

FICTION

1 **Star**, *Steel (1)*
2 **Cat's Eye**, *Atwood (5)*
3 **The Sands of Time**, *Sheldon (4)*
4 **A Prayer for Owen Meany**, *Irving (3)*
5 **Midnight**, *Koontz (6)*
6 **A Season in Hell**, *Higgins (8)*
7 **The Negotiator**, *Forsyth*
8 **The Fortune**, *Korda (9)*
9 **French Kiss**, *Van Lustbader (7)*
10 **Wildcat**, *Thomas (10)*

NONFICTION

1 **Stress for Success**, *Hanson (1)*
2 **A Brief History of Time**, *Hawking (2)*
3 **Blind Faith**, *McGinniss (3)*
4 **Love and Marriage**, *Cosby*
5 **Going Within**, *MacLaine (10)*
6 **King of Fools**, *Parker (7)*
7 **The Arctic Grail**, *Berton (6)*
8 **An Affair to Remember**, *Donaldson and Royce (8)*
9 **The Struggle for Democracy**, *Watson and Barber (4)*
10 **Wordstruck**, *MacNeil (9)*

() Position last week

Compiled by Sandra McGregor

Billy knew how to ride his bike. Unfortunately however, he didn't know how to properly **drive** it on the road. It's for kids like Billy that Petro-Canada and Canada's police forces created the Right-Riders program.

Right-Riders gives kids from 5 to 12 the knowledge they need to drive their bikes safely. It's a fun way to learn the rules of the road, practice safe-driving skills, and understand the role local police officers play in the community.

Last year, more than 13,000 schools across Canada were provided with a Right-Riders Safety Video. Created with the help of the Canadian Association of Chiefs of Police, the video is an entertaining and informative way to learn about road safety. Local police will help drive these vital messages home to more than 4 million elementary-school students.

This year we are sponsoring a national TV program intended to educate **everyone** about bike safety. And, at major summer exhibitions, thousands of kids will have their first "driver training" experience behind the wheel of a mini-car at a Right-Riders Bicycle & Road Safety Show Across Canada, other youngsters will improve their skills on a cycling course at a Right-Riders Bicycle "Roadeo".

For more information on program activities in your community, call your local police. Right-Riders can start your child on the road to a lifetime of safe driving.

RIGHT-RIDERS
We teach kids to drive bikes not just ride them
PETRO-CANADA





Cheap shots at half the price

BY ALLAN FOTHERINGHAM

The number 1 rule of all column-writing is always trust your readers Do not question your readers (Without them, I'd have to get a real job Would have to work for a living) Above all always obey your readers I have a letter to hand

It is from Rae Ellingham of Gibsons, B C To wit.

"Seems ages since you presented us with a selection of letters and comments from your loyal fans Why not give your mind a rest and scoop some mail out of the wastepaper basket? How is the Ordinary Canadian feeling these days? Hope you'll oblige The mind badly needs a rest and the wastepaper basket is full There are many Ordinary Canadians out there."

W H Joe Watson of Mississauga, Ont writes.

"Dear Mr Fotheringham. You closed out an interview with Joe Clark by asking the question. 'Who's the real external affairs minister?' The answer is Joe Clark He is probably the finest external affairs minister this country has ever had and may have been the finest prime minister had he had the fortune to marry any other woman in the world but the woman he chose Whoopi Goldberg would have been a career enhancement at that time for a man with Clark's aspirations Now I have a question for you If there were an Academy Award for Gratuitously Insolent and Smug Columns, could we possibly improve on yours of March 27?"

R E Stansfield of Aylmer, Que., writes

"How I do tire of Allan Fotheringham's pontificatory tripe George Bernard Shaw was right when he labelled sarcasm as the lowest form of wit If there has been a true waste of Canadian forest, it is indeed Allan Fotheringham's anemic efforts at objective journalism."

Mrs K M De Boer of Woodstock, Ont, writes

'Your scurrilous attacks on Premier Bill Vander Zalm show a hatred and frustration which is fuelled by the fact that you cannot find any wrongdoing in Vander Zalm I am enclosing



an article from the *London Free Press* which shows that Vander Zalm has turned a huge deficit into a surplus in a short time, a feat no other premier or prime minister has been able to do Not bad for a man who 'masquerades' as a premier We should be so lucky in Ontario with our 'competent premier' "

Michael Crook of Toronto writes

"I attended the lecture, at Wetmore Hall at the University of Toronto, which you gave I'm a second-year political science and history student I was quite disappointed and felt personally attacked when I heard your comments regarding Svend Robinson You insinuated that there is a direct relationship between Mr. Robinson's being gay and his ability to be a good member of Parliament or possible cabinet minister Even your slight remark Mr. Fotheringham reeks of homophobia Moreover, I and the other gay students in the audience, whether out of the closet or not, felt personally demeaned Who Svend Robinson sleeps with is none of your business nor does it have any bearing on his abilities By re-electing him, his constituents are expressing faith in those abilities The very ones he has been showing in the House for years, before and after he 'came out' Your offhanded quip showed support for that repressed attitude in society which banishes lesbians and gay men to lives of despair Having lived in Wetmore Hall for two years, I can verify the estimate of gay people in society as hovering around 10 to 15 per cent One in 10 Do you realize the implications of your statement? I felt personally demeaned by your rejection of the element in Mr Robinson which is also in me I expected more enlightened, progressive attitudes from the inaugural speaker of this lecture series."

Donald S Fox of Osoyoos, B C , writes

"Someone showed me your piece on Vander Zalm, entitled 'Wait four days' I thought it perfectly illustrated Jesus' words that what's in the heart will come out and it is this that defiles the man In case you are unfamiliar with the words here they are "What comes out of a man that defiles a man For from within, out of the heart of men, proceed evil thoughts, adulteries, fornications, murders, thefts, covetousness wickedness, deceit lasciviousness, an evil eye, blasphemy, pride, foolishness All these things come from within and defile a man.' (Mk 7 20-23) I don't question your writing ability, only the use to which you are putting it Why not change direction and begin to write something that all Canadians could appreciate, not just for the passing moment, but for years to come? Something you yourself could live with and be proud of 10, 20 or even 30 years hence?"

Vera M Woods of Fort Frances, Ont., writes

"Fotheringham I don't know why you have such an aversion to our Royal Family, but I surmise it could be because you don't really know anything about them You really are a bit of an opinionated ass, you know Do you have a wife? I don't envy her that's for sure And I dare you to print this!!! (Of course you won't)"

Bruce Stirling writes from Tucson, Ariz.

' There have been times, especially when you wrote from Washington, that I felt that you were a smart ass verging on the idiotic I have never been able to understand why most of our media people are such nerds For the most part we have third-rate politicians—and the National Press Corps can only aspire to that standard Is it Canadian libel laws that seem to turn our journalists into superchicken? Please keep up the good work."

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Purists argue that because the new Dodge Spirit seats five adults, it doesn't qualify as a sports car Yet when was the last time a sports car opened to reviews like these?

Remarked Car & Driver magazine "The ES sweeps through bends with unruffled poise, it invites you to drive" Here's Motor Trend praising the standard 150 hp 2 5 litre balance-shafted turbo on the Spirit ES "A decidedly non turbo feel with no lag" And for those people who like to unwind before a hard day's work, there's another option a normally aspirated Mitsubishi built V 6

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AND THEN THERE'S SMIRNOFF.